BASE PROSPECTUS

INVESTEC BANK PLC

(incorporated with limited liability in England and Wales with registered number 489604)

£2,000,000,000 Impala Bonds Programme

Under this £2,000,000,000 Impala Bonds Programme (the "**Programme**"), Investec Bank plc (the "**Issuer**") may from time to time issue notes (the "**Notes**"), including Notes that are linked to the performance or movement of one or more underlying assets (each an "**Underlying**"), being (i) a single share (which may be a share in an exchange traded fund (an "**ETF**" share)) or a basket of shares (which may be a basket of ETF shares) (such Notes being "**Equity Linked Notes**"), (ii) a single index or a basket of indices (such Notes being "**Index Linked Notes**"), (iii) two separate underlyings, being any combination of single shares, single indices, baskets of indices and baskets of shares (such Notes being "**Dual Underlying Linked Notes**"), (iv) a specified inflation-linked index (such Notes being "**Inflation Linked Notes**") or (v) two separate underlyings, a specified inflation-linked index and any one of a single share, a single index, a basket of indices or a basket of shares (such Notes being "**Combined Underlying Linked Notes**").

An investment in Notes issued under the Programme involves certain risks. For a discussion of these, see "*Risk Factors*" below.

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC amended by Directive 2008/11/EC, Directive 2010/73/EU and Directive 2010/78/EU (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to Notes issued under the Programme during the period of twelve months after the date hereof.

Information on how to use this Base Prospectus is set out on pages ii to v and a table of contents is set out on page xii.

Certain terms or phrases in this Base Prospectus are defined in bold font and references to those terms elsewhere in this Base Prospectus are designated with initial capital letters. The locations in this Base Prospectus where these terms are first defined are set out in an Index of Defined Terms at the end of this Base Prospectus.

The Issuer has been assigned the following long-term credit ratings: BBB by Fitch Ratings Limited ("**Fitch**"), A2 by Moody's Investors Service Limited ("**Moody's**") and BBB+ by Global Credit Rating Co. ("**Global Credit Rating**"). Each of Fitch and Moody's is a credit rating agency established and operating in the European Union ("**EU**") and registered in accordance with Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Global Credit Rating is not established in the European Economic Area ("**EEA**") and is not certified under the CRA Regulation and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Notes in bearer form for U.S. tax purposes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Notes that are in bearer form for U.S. tax purposes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). However, the Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

Investec Bank plc

Dealer

The date of this Base Prospectus is 19 July 2017.

HOW TO USE THIS BASE PROSPECTUS

Introduction – Who is the Issuer?

The Notes will be issued by Investec Bank plc (the "**Issuer**"). The payment of principal amounts due under the Notes is subject to the Issuer's financial position and its ability to meet its obligations.

The registration document for the Issuer (the "**Registration Document**") which is incorporated by reference into this Base Prospectus, together with other information provided in this Base Prospectus, provides a description of the Issuer's business activities as well as certain financial information and material risks related to the Issuer.

Types of Notes

This Base Prospectus provides information about the following Notes that may be issued under the Programme:

(i) Notes linked to an underlying asset, being:

(a) "**Equity Linked Notes**" (i.e. Notes whose return is linked to a single share (which may be an ETF share) or a basket of shares (which may be ETF shares);

(b) "**Index Linked Notes**" (i.e. Notes whose return is linked to a single index or a basket of indices);

(c) "**Dual Underlying Linked Notes**" (i.e. Notes whose return is linked to two separate underlying assets, being a combination of single shares, single indices, baskets of indices and/or baskets of shares);

(d) "**Inflation Linked Notes**" (i.e. Notes whose return is linked to a specified inflation index);

(e) "**Combined Underlying Linked Notes**" (i.e. Notes whose return is linked to two separate underlying assets, a specified inflation-linked index and any one of a single share, a single index, a basket of indices or a basket of shares);

(ii) Notes which bear interest at a fixed rate ("**Fixed Rate Notes**") and/or a floating rate ("**Floating Rate Notes**"), or are designated as "**Zero Coupon Notes**", which do not bear interest but specify an "amortisation yield" at which rate interest will accrue on any overdue amounts payable on the Notes;

(iii) "**Secured Note**s" (i.e. Notes which are secured. Such Notes are secured by security created by the Issuer over a pool of collateral (the "**Collateral Pool**"). Each Collateral Pool may secure one Series of Notes only, or more than one Series of Notes, as specified in the applicable Final Terms); and

(iv) "**Credit Linked Notes**" (i.e. Notes whose return is linked, in part, to the credit of one or more financial institutions or corporations listed on a regulated exchange or a sovereign entity).

The underlying-linked Notes described in sub-paragraph (i) above (the "**Underlying Linked Notes**") may also be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Secured Notes and/or Credit Linked Notes. If Notes are not designated to be Underlying Linked Notes, such Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Secured Notes and/or Credit Linked Notes.

The roadmap below indicates which sections of this Base Prospectus are particularly relevant for Notes with each of these respective features.

What other documents do I need to read?

This Base Prospectus (including the Registration Document and the other information which is incorporated by reference) contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Issuer and the rights attaching to the Notes. Some of this information is incorporated by reference from other publicly available documents

and some of this information is completed in an issue-specific document called the Final Terms. You should read the documents incorporated by reference, as well as the Final Terms in respect of such Notes, together with this Base Prospectus.

What information is included in the Final Terms?

While this Base Prospectus includes general information about all Notes, the Final Terms is the document that sets out the specific details of each particular issuance of Notes. For example, the Final Terms will contain:

(i) a reference to the terms and conditions that are applicable to the Final Terms (the "**Terms and Conditions**");

(ii) the issue date;

(iii) the scheduled redemption date; and

(iv) any other information needed to complete the terms included in this Base Prospectus for the particular Notes (identified by the words 'as specified in the Final Terms' or other equivalent wording).

Wherever the Terms and Conditions provide optional provisions, the Final Terms will specify which of those provisions apply to a specific issuance of Notes. In addition, the Final Terms may include certain disclaimers under the section entitled "*Additional Provisions not required by the Securities Note relating to the Underlying*" in the Final Terms, which are either (i) in relation to Index Linked Notes and Dual Underlying Linked Notes and Combined Underlying Linked Notes in relation to which one or more underlying is an equity index, disclaimers relating to the relevant index (or indices) underlying such Index Linked Note, Dual Underlying Linked Note or Combined Underlying Linked Note; or (ii) in relation to a Credit Linked Note, disclaimers relating to one or more financial institutions or corporations listed on a regulated exchange or sovereign entities or any Successor(s) (a "**Reference Entity**") specified in such Credit Linked Note.

Roadmap

Prospective investors are advised to read the sections of the Base Prospectus relevant to the type of Notes they are contemplating investing in, as specified below.

Investment in:	***Required reading:***
Any Notes	(1) Front cover and "*Important Notices*" section (2) Part A (including but not limited to the section entitled "*Risk Factors*")
Equity Linked Notes (including Kick Out Notes with Capital at Risk, Kick Out Notes without Capital at Risk, Phoenix Kick Out Notes with Capital at Risk, Upside Notes with Capital at Risk, Upside Notes without Capital at Risk, Geared Booster Notes with Capital at Risk, Lock-In Call Notes with Capital at Risk, N Barrier (Income) Notes with Capital at Risk, Range Accrual (Income) Notes with Capital at Risk, Range Accrual (Income) Notes without Capital at Risk, Reverse Convertible Notes with Capital at Risk, in each case	(1) Front cover and "*Important Notices*" section (2) Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section entitled *"Risks relating to Equity Linked/Index Linked/Dual Underlying Linked Notes*" and, if the Equity Linked Notes are "physically settled", the sub-section entitled "*Risks associated with certain other miscellaneous features and terms of the Securities, including settlement, discretions, Issuer substitution and amendments, amongst others*") (3) Part B (if the Equity Linked Notes are not Secured and/or are not Credit Linked, investors are not required to read Parts C, D, E or F)

where such Notes are specified in the relevant Final Terms as being Equity Linked Notes)		
Index Linked Notes (including Kick Out Notes with Capital at Risk, Kick Out Notes without Capital at Risk, Phoenix Kick Out Notes with Capital at Risk, Upside Notes with Capital at Risk, Upside Notes without Capital at Risk, Geared Booster Notes with Capital at Risk, Lock-In Call Notes with Capital at Risk, N Barrier (Income) Notes with Capital at Risk, Range Accrual (Income) Notes with Capital at Risk, Range Accrual (Income) Notes without Capital at Risk or Reverse Convertible Notes with Capital at Risk, in each case where such Notes are specified in the relevant Final Terms as being Index Linked Notes)	(1)	Front cover and "*Important Notices*" section
	(2)	Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section entitled *"Risks relating to Equity Linked/Index Linked/Dual Underlying Linked Notes*")
	(3)	Part B (if the Index Linked Notes are not Secured and/or are not Credit Linked, investors are not required to read Parts C, D, E or F)
Dual Underlying Linked Notes (including Dual Underlying Kick Out Notes with Capital at Risk or Dual Underlying Upside Notes with Capital at Risk)	(1)	Front cover and "*Important Notices*" section
	(2)	Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section entitled *"Risks relating to Equity Linked/Index Linked/Dual Underlying Linked Notes*")
	(3)	Part B (if the Dual Underlying Linked Notes are not Secured and/or are not Credit Linked, investors are not required to read Parts C, D, E or F)
Inflation Linked Notes (including Inflation Linked Notes without Capital at Risk, Inflation (Interest only) Linked Notes without Capital at Risk or Inflation Linked Notes with Capital at Risk)	(1)	Front cover and "*Important Notices*" section
	(2)	Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section entitled *"Risks relating to Inflation Linked Notes*")
	(3)	Part C (if the Inflation Linked Notes are not Secured and/or are not Credit Linked, investors are not required to read Parts B, D, E or F)
Combined Underlying Linked Notes (including Combined Underlying Linked Upside Notes with Capital at Risk and Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk)	(1)	Front cover and "*Important Notices*" section
	(2)	Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section entitled *"Risks relating to Combined Underlying Linked Notes*")
	(3)	Part D (if the Combined Underlying Linked Notes are not Secured and/or are not Credit Linked, investors are not required to read Parts B, C, E or F)
Any Secured Notes	(1)	Front cover and "*Important Notices*" section
	(2)	Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section

		entitled *"Risks relating to Secured Notes*")
	(3)	Part B (if Notes are Equity Linked, Index Linked or Dual Underlying Linked)
	(4)	Part C (if Notes are Inflation Linked)
	(5)	Part D (if Notes are Combined Underlying Linked)
	(6)	Part E
	(7)	Part F (if Notes are Credit Linked)
Any Credit Linked Notes	(1)	Front cover and "*Important Notices*" section
	(2)	Part A (including but not limited to the section entitled "*Risk Factors"*, particularly, but not limited to, the sub-section entitled *"Risks relating to Credit Linked Notes*")
	(3)	Part B (if Notes are Equity Linked, Index Linked or Dual Underlying Linked)
	(4)	Part C (if Notes are Inflation Linked)
	(5)	Part D (if Notes are Combined Underlying Linked)
	(6)	Part E (if Notes are Secured)
	(7)	Part F

Fungible issuances

In the case of any issue of Notes which is to be consolidated and form a single Series with an existing Series, the first tranche of which was issued prior to the date of this Base Prospectus, such Notes will be documented using the 2013 Final Terms, 2014 Final Terms, 2015 Final Terms or the 2016 Final Terms, together with the 2013 Conditions, 2014 Conditions, 2015 Conditions or 2016 Conditions, respectively (as applicable and each as defined in the section headed "*Documents Incorporated by Reference*" below).

Accordingly, investors investing in such Notes will need to read the relevant Parts of this Base Prospectus applicable to the relevant Notes as further explained in the Roadmap section above (e.g. for Equity Linked Notes (that are not Secured Notes or Credit Linked Notes) the Front Cover and "*Important Notices*" section, Part A and Part B) except that investors should read the 2013 Conditions, 2014 Conditions, 2015 Conditions or 2016 Conditions (as applicable) in place of the terms and conditions appearing in this Base Prospectus.

Definitions

In this Base Prospectus, "**Conditions**" means the General Conditions of the Notes (as set out in Part A of this Base Prospectus).

In addition to these Conditions, certain terms (including a set of redemption provisions) relating (as applicable) to Equity Linked Notes (as set out in Part B of this Base Prospectus), Index Linked Notes (as set out in Part B of this Base Prospectus), Dual Underlying Linked Notes (as set out in Part B of this Base Prospectus), Inflation Linked Notes (as set out in Part C of this Base Prospectus) and Combined Underlying Linked Notes (as set out in Part D of this Base Prospectus) will apply to the Notes if so specified in the relevant Final Terms. In this Base Prospectus, "**Terms**" means the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes, the Terms for Inflation Linked Notes or the Terms for Combined Underlying Linked Notes as applicable.

Further, in addition to the Conditions and any Terms applicable to the Notes, certain further additional terms relating to the Secured Notes (as set out in Part E of this Base Prospectus) and/or Credit Linked Notes (as set out in Part F of this Base Prospectus) will apply to the Notes if so specified in the relevant

Final Terms. In this Base Prospectus, "**Additional Terms**" means, as applicable, the Additional Terms for Secured Notes or the Additional Terms for Credit Linked Notes.

Other than as expressly defined in any other section of this Base Prospectus, terms defined in the Conditions, the Terms, the Additional Terms and the "*Summary of Provisions Relating to the Notes while in Global Form*" have the same meanings in other all sections of this Base Prospectus.

Structure of the Base Prospectus

This Base Prospectus is divided into sections, each of which is briefly described below.

PART A

Important Notices sets out important information about the Issuer's responsibility for this Base Prospectus and provides information about its authorised use by financial intermediaries. Page viii

Summary provides an overview of the information included in this Base Prospectus, including information about the Issuer, the Notes and the Programme, which the Issuer believes to be key to an assessment by a prospective investor considering an investment in the Notes and indicates what further information will be provided in the final terms relating to a specific issuance of Notes. Page 1

Risk Factors provides details of the principal risks associated with the Issuer and the Notes which may be issued under the Programme. Page 24

Documents Incorporated by Reference provides details of documents which form part of this Base Prospectus and which are available in the public domain, but which are not set out in full in this document. Prospective investors are advised to review the information incorporated by reference into this Base Prospectus before deciding to invest in any Notes issued under the Programme. Page 65

Description of the Features of the Notes provides details of how an investment in the Notes works, including a description of the main features of the Notes and worked examples illustrating how payments under the Notes are calculated. Page 68

General Conditions of the Notes sets out the legal conditions which govern all Notes issued under the Programme. Page 182

Pro Forma Final Terms sets out a template of the "Final Terms", a document which will be filled out for each particular issuance of Notes and which will contain information additional to the information in the Conditions, the Terms and the Additional Terms of the Notes (as applicable) which is not known at the time of publishing the Base Prospectus but which is relevant to a particular issuance of Notes, including details of the underlying assets and how payments under the Notes will be calculated. Page 220

Summary of Provisions relating to the Notes While in Global Form describes the features of the Notes when issued in Global Form. Notes will be initially issued in the form of a global note ("**Global Form**" or "**global form**"). Page 274

Use of Proceeds provides details of what the Issuer intends to do with the subscription monies it receives for the Notes it issues. Page 278

Taxation provides a summary of the United Kingdom, Finnish and Swedish withholding tax position in relation to the Notes and also provides information in relation to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended or successor provisions), (commonly referred to as "**FATCA**") and the proposed financial transactions tax ("**FTT**"). Page 279

Subscription and Sale of Notes sets out details of the arrangements between the Issuer and the Dealers as to the offer and sale of Notes under the Programme and contains selling restrictions that may be applicable in respect of the offer and sale of Notes in different jurisdictions. Page 292

General Information provides additional, general disclosure on the Programme and the Issuer not included in other sections of the Base Prospectus to be considered by prospective investors. Page 297

PART B Page 301

Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes sets out the further information relating to each type of Equity Linked, Index Linked and Dual Underlying Linked Note, including descriptions and explanations of the different types of Equity Linked, Index Linked and Dual Underlying Linked Notes, legal terms and formulae for calculation of redemption prices (and, in respect of Equity Linked Notes which are specified to be "physically settled", provisions in respect of physical settlement) and interest relating to Notes issuable under the Programme.

PART C Page 383

Inflation Linked Notes sets out the further information relating to each type of Inflation Linked Note, legal terms and formulae for calculation of redemption prices and interest relating to Inflation Linked Notes issuable under the Programme.

PART D Page 395

Combined Underlying Linked Notes sets out the further information relating to each type of Combined Underlying Linked Note, legal terms and formulae for calculation of redemption prices and interest relating to Combined Underlying Linked Notes issuable under the Programme.

PART E Page 406

Additional Terms of the Secured Notes sets out the additional legal terms and conditions that apply to Secured Notes.

PART F Page 411

Additional Terms of the Credit Linked Notes sets out the additional legal terms and conditions that apply to Credit Linked Notes.

GLOSSARY Page 431

Glossary provides an explanation of certain technical terms used in the Base Prospectus.

Index of Defined Terms contains a list of the defined terms used in the Base Prospectus and indicates the page of the Base Prospectus on which the definition for each relevant defined term can be found. Page 433

IMPORTANT NOTICES

Important information relating to financial intermediaries

Financial intermediaries may only use this Base Prospectus if authorised by the Issuer to do so. Accordingly, investors are advised to check both the website of any financial intermediary using this Base Prospectus and the website of the Issuer (*www.investecstructuredproducts.com*) to ascertain whether or not such financial intermediary has the consent of the Issuer to use this Base Prospectus.

The Issuer gives its express consent, either as a "general consent" or as a "specific consent" as more specifically described below, to the use of the prospectus by a financial intermediary that satisfies the relevant conditions applicable to the "general consent" or "specific consent", with respect to the subsequent resale or final placement of securities by any such financial intermediary. Subject to the conditions set out below under "*Common conditions to consent*":

- **"Specific consent" - the Issuer consents to the use of this Base Prospectus in connection with a Public Offer (as defined below) of any Tranche of Notes by any financial intermediary who is named in the applicable Final Terms; or**
- **"General consent" - the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of any Tranche of Notes by any financial intermediary in the Public Offer Jurisdictions in which it is authorised to make such offers under the Markets in Financial Instruments Directive (as defined below) and publishes on its website that it is using this Base Prospectus for the purposes of such Public Offer in accordance with the consent of the Issuer.**

The conditions to the Issuer's consent are that such consent (a) is only valid in respect of the relevant Tranche of Notes; (b) is only valid during the Offer Period specified in the applicable Final Terms; and (c) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in the Public Offer Jurisdictions (as defined below) specified in the applicable Final Terms.

Please see below for more important legal information relating to financial intermediaries.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

Use of this Base Prospectus

This Base Prospectus has been prepared for the purposes of (i) providing disclosure information with regard to Notes and (ii) the public offering (including any offering which is a resale or final placement) of Notes to retail investors in the Finland, Ireland, Italy, Sweden and/or the United Kingdom (the "Public Offer Jurisdictions") in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "Public Offer".

This Base Prospectus may only be used for the purposes for which it has been published.

Responsibility for information in the Base Prospectus

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Except for Investec Bank plc (which as Issuer takes responsibility for this Base Prospectus as described above), no dealer (being the Issuer and any other person from time to time to whom Notes are issued and who is appointed by the Issuer as a dealer under the Programme (each, a "Dealer" and together, the "Dealers")), nor Deutsche Trustee Company Limited (the "Trustee") have independently verified the information contained herein. Accordingly, no representation,

warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Agents or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Dealers nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Trustee.

The Issuer accepts responsibility for the content of this Base Prospectus in relation to any person in the above Public Offer Jurisdictions (as defined above) to whom an offer of any Notes is made by any financial intermediary to whom the Issuer has given its consent to use this Base Prospectus, where the offer is made during the period for which that consent is given and is in compliance with all other terms and conditions attached to the giving of the consent, all as mentioned in this Base Prospectus.

The following section explains the circumstances in which the Issuer's consent to such use of this Base Prospectus is given.

Issuer's consent to use of this Base Prospectus

The Issuer gives its express consent, either as a "general consent" or as a "specific consent" as described below, to the use of the prospectus by a financial intermediary that satisfies the relevant conditions applicable to the "general consent" or "specific consent", and accepts the responsibility for the content of the Base Prospectus, with respect to the subsequent resale or final placement of securities by any such financial intermediary.

***General consent*: Subject to the "*Common conditions to consent*" set out below, the Issuer hereby grants its consent to the use of this Base Prospectus in connection with a Public Offer of any Tranche of Notes by any financial intermediary in the Public Offer Jurisdictions in which it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing Directive 2004/39/EC or any successor legislation or regulation (the "Markets in Financial Instruments Directive") and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):**

> **"We, [insert legal name of financial intermediary], refer to the base prospectus (the "Base Prospectus") relating to notes issued under the £2,000,000,000 Impala Bonds Programme (the "Notes") by Investec Bank plc (the "Issuer"). We agree to use the Base Prospectus in connection with the offer of the Notes in [*specify Public Offer Jurisdictions*] in accordance with the consent of the Issuer in the Base Prospectus and subject to the conditions to such consent specified in the Base Prospectus as being the "*Common conditions to consent*"."**

***Specific consent*: In addition, subject to the conditions set out below under "*Common conditions to consent*", the Issuer consents to the use of this Base Prospectus in connection with a Public Offer (as defined below) of any Tranche of Notes by any financial intermediary who is named in the applicable Final Terms as being allowed to use this Base Prospectus in connection with the relevant Public Offer.**

Any new information with respect to any financial intermediary or intermediaries unknown at the time of the approval of this Base Prospectus or after the filing of the applicable Final Terms and will be published on the Issuer's website (*www.investecstructuredproducts.com*).

***Common conditions to consent*: The conditions to the Issuer's consent are that such consent (a) is only valid in respect of the relevant Tranche of Notes; (b) is only valid during the Offer Period specified in the applicable Final Terms; and (c) only extends to the use of this Base Prospectus to**

make Public Offers of the relevant Tranche of Notes in the Public Offer Jurisdictions (the "Public Offer Jurisdictions") specified in the applicable Final Terms.

Accordingly, investors are advised to check both the website of any financial intermediary using this Base Prospectus and the website of the Issuer (www.investecstructuredproducts.com) to ascertain whether or not such financial intermediary has the consent of the Issuer to use this Base Prospectus.

An investor intending to acquire or acquiring any Notes from an offeror other than the Issuer will do so, and offers and sales of such Notes to an investor by such offeror will be made, in accordance with any terms and conditions and other arrangements in place between such offeror and such investor including as to price, allocations, expenses and settlement arrangements.

IN THE EVENT OF AN OFFER OF NOTES BEING MADE BY A FINANCIAL INTERMEDIARY, THE FINANCIAL INTERMEDIARY WILL PROVIDE TO INVESTORS THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE INCLUDING BUT NOT LIMITED TO THE PERCENTAGE PRICE FOR THE NOTES WHICH SHALL BE DETERMINED BY THE ISSUER AT THE COMMENCEMENT OF THE OFFER AND WILL BE DISCLOSED IN THE FINAL TERMS FOR SUCH OFFER.

Risk warnings relating to the Base Prospectus

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by the Issuer or any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each person (an "investor") intending to acquire or acquiring any securities from any person (an "Offeror") contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Prospective investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

Prospective investors considering acquiring any Notes should understand the risks of transactions involving the Notes and should reach an investment decision only after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in this Base Prospectus and the applicable Final Terms. Prospective investors should consider carefully the risk factors set out under "*Risk Factors*" in this Base Prospectus.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in a jurisdiction where action for that purpose is required other than in the Finland,

Ireland, Italy, Sweden and/or the United Kingdom (to the extent such jurisdiction is specified as a Public Offer Jurisdiction in the relevant Final Terms). Persons into whose possession this document or any Notes come must inform themselves, about, and observe, any such restrictions. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom), Switzerland, the Channel Islands, the Isle of Man and South Africa (see "*Subscription and Sale*").

In relation to Public Offers of the Notes, the Notes are designed for investors who are or have access to a suitably qualified independent financial adviser or who have engaged a suitably qualified discretionary investment manager, in order to understand the characteristics and risks associated with structured financial products.

Notes which are not specified as Secured Notes in the applicable Final Terms are unsecured obligations (including Notes described as being "without capital at risk"). The Notes are not deposits and they are not protected under the UK's Financial Services Compensation Scheme or any deposit protection insurance scheme.

PRIIPs

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", such Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling such Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling such Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Listing

Application has also been made for the Notes issued under the Programme to be admitted during the twelve months after the date hereof to listing on the Official List of the FCA and to trading on the regulated market (for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)) (the "Regulated Market") of the London Stock Exchange plc (the "London Stock Exchange"). Application may also be made for the Notes issued under the Programme to be admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (including, without limitation the Regulated Market of Nasdaq Stockholm AB ("Nasdaq Stockholm"), the Regulated Market of the Nordic Growth Market NGM AB ("NDX"), the Regulated Market of Nasdaq Helsinki Oy ("Nasdaq Helsinki") and the Securitised Derivative Exchange of the Borsa Italiana S.p.A ("Borsa Ialiana")). The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading on the London Stock Exchange or on any other listing authority, stock exchange and/or quotation system. Investors should note that there can be a Public Offer of Notes requiring the publication of a prospectus under the Prospectus Directive even if the Notes are not to be listed and/or admitted to trading on the London Stock Exchange, Nasdaq Stockholm, the NDX, Nasdaq Helsinki or Borsa Italiano.

Interpretation

All references herein to "Sterling" and "£" are to the lawful currency of the United Kingdom, all references herein to "euro" and "€" are to the single currency introduced at the start of the third

stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time by the Treaty on European Union, all references herein to "U.S.$" and "U.S. dollars" are to United States dollars and all references to "SEK", "Swedish Krona" and "kr" are to the lawful currency of the Kingdom of Sweden.

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PART A – INFORMATION RELATING TO ALL NOTES

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "Not Applicable".

Section A – Introduction and Warnings		
A.1	**Introduction:**	This summary must be read as an introduction to this Base Prospectus in relation to the Notes and any decision to invest in the Notes should be based on a consideration of this Base Prospectus, including the documents incorporated by reference herein, and this summary, as a whole. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member State, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid Investors when considering whether to invest in the Notes.
A.2	**Consent:**	[The Issuer gives its express consent, either as a "general consent" or as a "specific consent" as described below, to the use of the prospectus by a financial intermediary that satisfies the Conditions applicable to the "general consent" or "specific consent", and accepts the responsibility for the content of the Base Prospectus, with respect to the subsequent resale or final placement of securities by any such financial intermediary to retail investors in [•] (the "**Public Offer Jurisdictions**") in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus (any such offer being a "**Public Offer**"). *General consent*: Subject to the "*Common conditions to consent*" set out below, the Issuer hereby grants its consent to the use of this Base Prospectus in connection with a Public Offer of any Tranche of Notes by any financial intermediary in the Public Offer Jurisdictions in which it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") and publishes on its website the following statement (with the information in square brackets being completed with the relevant information): "We, [insert legal name of financial intermediary], refer to the base prospectus (the "**Base Prospectus**") relating to notes issued under the £2,000,000,000 Impala Bonds Programme (the "**Notes**") by Investec Bank plc (the "**Issuer**"). We agree to use the Base Prospectus in connection with the offer of the Notes in [*specify Public Offer Jurisdictions*] in accordance with the consent of the Issuer in the Base Prospectus and subject to the conditions to such consent specified in the Base Prospectus as being the "*Common conditions to consent*"." *Specific consent*: In addition, subject to the conditions set out below under "*Common conditions to consent*", the Issuer consents to the use of this Base Prospectus in connection with a Public Offer (as defined below) of any Tranche of Notes by any financial intermediary who is named in the applicable Final Terms as being allowed to use this Base Prospectus in connection with the relevant Public Offer. Any new information with respect to any financial intermediary or intermediaries unknown at the time of the approval of this Base prospectus or after the filing of the applicable Final Terms will be published on the Issuer's website (*www.investecstructuredproducts.com*).
		Common conditions to consent: The conditions to the Issuer's consent are that such consent (a) is only valid in respect of the relevant Tranche of Notes; (b) is only valid during the Offer Period specified in the applicable Final Terms; and (c) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in the Public Offer Jurisdictions (the "**Public Offer Jurisdictions**") specified in the applicable Final Terms.]
		[Accordingly, investors are advised to check both the website of any financial intermediary using this Base Prospectus and the website of the Issuer (www.investecstructuredproducts.com) to

		ascertain whether or not such financial intermediary has the consent of the Issuer to use this Base Prospectus. *An investor intending to acquire or acquiring any Notes from an offeror other than the Issuer will do so, and offers and sales of such Notes to an investor by such offeror will be made, in accordance with any terms and conditions and other arrangements in place between such offeror and such investor including as to price, allocations, expenses and settlement arrangements.* *In the event of an offer of Notes being made by a financial intermediary, the financial intermediary will provide to investors the terms and conditions of the offer at the time the offer is made.]* *[Not applicable.* The Issuer does not consent to the use of this Base Prospectus in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus as the Notes will not be publicly offered.]

Section B – Issuer		
B.1	**Legal and commercial name of the Issuer:**	The legal name of the issuer is Investec Bank plc (the "**Issuer**").
B.2	**Domicile and legal form of the Issuer:**	The Issuer is a public limited company registered in England and Wales under registration number 00489604. The liability of its members is limited. The Issuer was incorporated as a private limited company with limited liability on 20 December 1950 under the Companies Act 1948 and registered in England and Wales under registered number 00489604 with the name Edward Bates & Sons Limited. Since then it has undergone changes of name, eventually re-registering under the Companies Act 1985 on 23 January 2009 as a public limited company and is now incorporated under the name Investec Bank plc. The Issuer is subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, *inter alia*, the Financial Services and Markets Act 2000, for the purposes of which the Issuer is an authorised person carrying on the business of financial services provision. In addition, as a public limited company, the Issuer is subject to the UK Companies Act 2006.
B.4b	**Trends:**	The Issuer, in its audited consolidated financial statements for the year ended 31 March 2017, reported an increase of 10.1% in operating profit before goodwill and acquired intangibles and after non-controlling interests to £161.1 million (2016: £146.3 million). The balance sheet remains strong, supported by sound capital and liquidity ratios. At 31 March 2017, the Issuer had £4.9 billion of cash and near cash to support its activities, representing approximately 43.0% of its customer deposits. Customer deposits have increased by 2.3% since 31 March 2016 to £11.3 billion at 31 March 2017. The Issuer's loan to deposit ratio was 76.2% as at 31 March 2017 (2016: 70.5%). At 31 March 2017, the Issuer's total capital adequacy ratio was 16.6% and its common equity tier 1 ratio was 12.2%. The Issuer's anticipated 'fully loaded' common equity tier 1 ratio and leverage ratio are 12.2% and 8.0%, respectively (where 'fully loaded' is based on Capital Requirements Regulation ("**CRR**") requirements as fully phased in by 2022). These disclosures incorporate the deduction of foreseeable dividends as required by the CRR and European Banking Authority technical standards. Excluding this deduction, the ratio would be 0.28% higher. The credit loss charge as a percentage of average gross core loans and advances has decreased from 1.13% at 31 March 2016 to 0.90%. The Issuer's gearing ratio remains low with total assets to equity decreasing to 9.3 times at 31 March 2017.
B.5	**The group:**	The Issuer is the main banking subsidiary of Investec plc, which is part of an international banking group with operations in three principal markets: the United Kingdom and Europe, Asia/Australia and South Africa. The Issuer also holds certain of the Investec group's UK and Australia based assets and businesses.
B.9	**Profit Forecast:**	Not applicable.
B.10	**Audit Report Qualifications:**	Not applicable. There are no qualifications in the audit reports on the audited, consolidated financial statements of the Issuer and its subsidiary undertakings for the financial years ended 31 March 2017 or 31 March 2016.

B.12	**Key Financial Information:**	The selected financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 March 2017 or 31 March 2016.

Financial features	**Year Ended**	
	31 March 2017	**31 March 2016**
Operating profit before amortisation of acquired intangibles, non-operating items, taxation and after non-controlling interests (£'000)	161,057	146,347
Earnings attributable to ordinary shareholders (£'000)	117,793	96,635
Costs to income ratio	75.9%	73.3%
Total capital resources (including subordinated liabilities) (£'000)	2,559,287	2,440,165
Total shareholders' equity (£'000)	1,979,931	1,842,856
Total assets (£'000)	18,381,414	18,334,568
Net core loans and advances (£'000)	8,598,639	7,781,386
Customer accounts (deposits) (£'000)	11,289,177	11,038,164
Cash and near cash balances (£'000)	4,853,000	5,046,000
Funds under management (£'000)	35,900,000	30,100,000
Capital adequacy ratio	16.6%	17.0%
Common equity tier 1 ratio	12.2%	11.9%

There has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries since 31 March 2017, being the end of the most recent financial period for which it has published financial statements.

There has been no material adverse change in the prospects of the Issuer since the financial year ended 31 March 2017, the most recent financial year for which it has published audited financial statements.

B.13	**Recent Events:**	Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.
B.14	**Dependence upon other entities within the Group:**	The Issuer's immediate parent undertaking is Investec 1 Limited. The Issuer's ultimate parent undertaking and controlling party is Investec plc. The Issuer and its subsidiaries form a UK-based group (the "**Group**"). The Issuer conducts part of its business through its subsidiaries and is accordingly dependent upon those members of the Group. The Issuer is not dependent on Investec plc.
B.15	**The Issuer's Principal Activities:**	The principal business of the Issuer consists of Wealth & Investment and Specialist Banking. The Issuer is an international, specialist banking group and asset manager whose principal business involves provision of a diverse range of financial services and products to a select client base in the United Kingdom and Europe and Australia/Asia and certain other countries. As part of its business, the Issuer provides investment management services to private clients, charities, intermediaries, pension schemes and trusts as well as specialist banking services focusing on corporate advisory and investment activities, corporate and institutional banking activities and private banking activities.
B.16	**Controlling Persons:**	The whole of the issued share capital of the Issuer is owned directly by Investec 1 Limited, the ultimate parent undertaking and controlling party of which is Investec plc.
B.17	**Credit Ratings:**	[The long-term senior debt of the Issuer has a rating of BBB as rated by Fitch. This means that Fitch's expectation of default risk is currently low and Fitch is of the opinion that the Issuer's capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. The long-term senior debt of the Issuer has a rating of A2 as rated by Moody's. This means that Moody's is of the opinion that the Issuer is considered upper-medium-grade and is subject to low credit risk. The long-term senior debt of the Issuer has a rating of BBB+ as rated by Global Credit Rating. This means that Global Credit Rating is of the opinion that the Issuer has adequate protection factors and is considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles).]
		[The Notes to be issued have not been specifically rated.]

Section C – Securities		
C.1	**Description of Type and Class of Securities:**	**Issuance in series:** The Notes will be issued in series ("**Series**") which may comprise one or more tranches ("**Tranches**") issued on different issue dates. The Notes of each tranche of the same series will all be subject to identical terms, except for the issue dates and/or issue prices of the respective Tranches. [The Notes are issued as Series number [•], Tranche number [•].] **Form of Notes:** The applicable Final Terms will specify whether the relevant Notes will be issued in bearer form ("**Bearer Notes**"), in certificated registered form ("**Registered Notes**"), in uncertificated registered form (such Notes being recorded on a register as being held in uncertificated book-entry form) ("**Uncertificated Registered Notes**"), in uncertificated and dematerialised book-entry form Notes cleared through Euroclear Sweden or Euroclear Finland (such Notes being "**Nordic Notes**"), or uncertificated and dematerialised book-entry form and centralised with Monte Titoli S.p.A., pursuant to Italian Legislative Decree dated 24 February 1998, No. 58, as amended and integrated by subsequent implementing provisions. Registered Notes, Uncertificated Registered Notes, Nordic Notes and Italian Notes will not be exchangeable for other forms of Notes and vice versa. [The Notes are [Bearer Notes][Registered Notes][Uncertificated Registered Notes][Nordic Notes][Italian Notes]. [Uncertificated Registered Notes will be held in uncertificated form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Registered Notes will be participating securities for the purposes of the Regulations. Title to the Uncertificated Registered Notes will be recorded on the relevant Operator register of corporate securities (as defined in the Regulations) and the relevant "**Operator**" (as such term is used in the Regulations) is Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited) or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar and in accordance with the Regulations. Notes in definitive registered form will not be issued either upon issue or in exchange for Uncertificated Registered Notes]. **Security Identification Number(s):** The following security identification number(s) will be specified in the Final Terms. [ISIN Code: [•] Common Code: [•] Sedol: [•]] [Euroclear [Finland][Sweden] identification number: [•]]
C.2	**Currency of the Securities Issue:**	Currency: Subject to any applicable legal or regulatory restrictions, the Notes may be issued in any currency (the "**Specified Currency**"). [The Specified Currency of the Notes is [•]]
C.5	**Free Transferability:**	The Notes are freely transferable. However, applicable securities laws in certain jurisdictions impose restrictions on the offer and sale of the Notes and accordingly the Issuer and the dealers have agreed restrictions on the offer, sale and delivery of the Notes in the United States, the European Economic Area, Isle of Man, South Africa, Switzerland, Guernsey and Jersey, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes in order to comply with relevant securities laws.
C.8	**The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:**	[**Status**: The Notes are unsecured. The Notes will constitute direct, unconditional, unsubordinated unsecured obligations of the Issuer that will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.] [Investors investing in unsecured Notes [(including unsecured Notes which are described in the applicable Final Terms as Notes that do not have capital at risk)] are advised to carefully evaluate the Issuer's credit risk when considering an investment in such Notes. If the Issuer became unable to pay amounts owed to the investor under the unsecured Notes, such investor does not have recourse to the underlying or any other security/collateral and, in a worst case scenario, investors may not receive any payments under the Notes. The Notes are unsecured obligations. They are not deposits and they are not protected under the UK's Financial Services Compensation Scheme or any deposit protection insurance scheme.] [**Security**: The Notes are secured (the "**Secured Notes**"). The Secured Notes constitute direct, unconditional, unsubordinated secured obligations of the Issuer that will rank *pari passu* among

		themselves. The Issuer will create security over a pool of collateral ("**Collateral Pool**") to secure a specified portion (the "**Secured Portion**") of its obligations in respect of the Secured Notes. The Collateral Pool secures [this Series of Notes only / more than one Series of Secured Notes]]. **Denomination**: The Notes will be issued in denominations of [•]. **Taxation**: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the United Kingdom unless such withholding or deduction is required by law. In the event that any such deduction is made, [the Issuer will not be required to pay any additional amounts in respect of such withholding or deduction / the Issuer will pay additional amounts in respect of such withholding or deduction, subject to exemptions]. **Governing Law**: English law
C.9	**The Rights Attaching to the Securities (Continued), Including Information as to Interest, Maturity, Yield and the Representative of the Holders:**	**Redemption of the Notes**: [The Notes cannot be redeemed prior to their stated maturity (other than in specified instalments or upon the occurrence of an automatic early termination event, if applicable, or for taxation reasons or an event of default [or, in the case of Notes linked to one or more Reference Entit[y][ies], if any such Reference Entity [becomes subject to a CDS event (broadly speaking, becomes insolvent, fails to pay amounts due on obligations or is subject to a restructuring of debt obligations in a manner that is detrimental to creditors) (a "**CDS Event**").][The Notes will be redeemable at the option of the Issuer in whole (but not in part) upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer, and may also be redeemed prior to their stated maturity in specified instalments or upon the occurrence of an automatic early termination event, if applicable, or for taxation reasons or an event of default [or, in the case of Notes linked to one or more Reference Entit[y][ies], if any such Reference Entity becomes subject to a CDS event (broadly speaking, becomes insolvent, fails to pay amounts due on obligations or is subject to a restructuring of debt obligations in a manner that is detrimental to creditors) (a "**CDS Event**").] **Indicative Terms**: Certain levels, percentages, prices, rates and/or values which will be used to calculate the return on the Notes will not be fixed or determined in the Final Terms at the commencement of the Offer Period, but will instead be determined based on market conditions by the Calculation Agent prior to the Issue Date. In relation to each such level, percentage, price, rate and/or value an indicative level, percentage, price, rate and/or value will specified. In addition, an indicative minimum amount and/or an indicative maximum amount (as applicable) will be specified. Where an indicative minimum amount is specified, the final level, percentage, price, rate and/or value determined by the Calculation Agent shall be no lower than indicative minimum amount, where an indicative maximum amount is specified, the final level, percentage, price, rate and/or value determined by the Calculation Agent shall be no higher than such indicative maximum amount, and where both an indicative minimum amount and indicative maximum amount are specified, the final such level, percentage, price, rate and/or value determined by the Calculation Agent shall be no lower than such indicative minimum amount and no higher than such indicative maximum amount. The final levels, percentages, prices, rates and/or values determined by the Calculation Agent will be published by the Issuer on its website at [•] on the date specified in the Final Terms (the "**Indicative Terms Notification Date**").
		Interest: The Notes are [interest-bearing / non-interest bearing].
		[**Fixed Rate Notes][Floating Rate Notes]** [The Notes are Fixed Rate Notes which bear interest at a fixed percentage rate, being the "**Rate of Interest**" expressed as [a percentage rate per annum] [a percentage rate for a fixed period]. The Rate of Interest in respect of Series [[•] is [•] per cent. [per annum][per [•]][is indicatively [•] per cent. [per annum][per [•]]. [The indicative minimum amount is [•] per cent. [per annum][per [•]] [The indicative maximum amount is [•] per cent. [per annum][per [•]]]. [The Notes are Floating Rate Notes which bear interest at a floating rate, being the "**Rate of Interest**", which is a variable percentage rate [per annum] [per specified period], namely [•] [plus/minus] [indicatively] [•] per cent.]. [The indicative minimum amount is [•] per cent. [The indicative maximum amount is [•] per cent.] [The Rate of Interest for Floating Rate Notes for a given Interest Period will be calculated by the Calculation Agent by reference to [quotations provided electronically by banks in the "**Relevant Financial Centre**" (since "*Screen Rate Determination*" applies)] [a notional interest rate on a swap transaction in the Specified Currency (since "**ISDA Determination**" applies)] [and the addition of an additional percentage rate per annum]. [In order to calculate the amount of interest or "**Interest Amount**" payable per Note for the period from [and including][but excluding] the previous Interest Payment Date to [and including][but excluding] the current Interest Payment Date (or, in the case of the first Interest Payment Date, from [and including][but excluding] the date which is specified as being the "**Interest Commencement**

Date" to [and including][but excluding]the first Interest Payment Date) (each such period an "**Interest Period**"), the Calculation Agent will apply the Rate of Interest to the outstanding principal amount of the Notes (or a specified calculation amount (the "**Calculation Amount**")) and multiplies the product by a fraction known as a "**Day Count Fraction**". The Day Count Fraction reflects the number of days in the period for which interest is being calculated. [The Issuer may specify this interest as "Fixed Coupon Amounts" in the Final Terms.]

If interest needs to be calculated for a period other than an Interest Period due to an unscheduled redemption of the Notes or the occurrence of a "kick out", the provisions above shall apply save that the period reflected by the Day Count Fraction shall be the period from [and including][but excluding] the previous Interest Payment Date (or the Interest Commencement Date, as applicable) to [and including][but excluding] [date of redemption][relevant date specified as the interest cessation date.]]

[The Interest Amount is due and payable in arrear on the relevant Interest Payment Date.]

[The Notes are "Cumulative Interest" Notes, so the Interest Amount calculated in respect of each Interest Period will not become due and payable on each Interest Payment Date, but will instead be due payable on each "Cumulative Interest Payment Date", on which date the sum of the Interest Amounts accrued since the previous Cumulative Interest Payment Date (or the Interest Commencement Date, as applicable) will become due and payable.]

[If a coupon deferral event occurs (being the suspension, deferral, or cessation of an interest payment, or adjustment in the frequency of interest payments) in relation to the coupon reference obligation, being [•], the Issuer may defer or reduce the interest payments due under the Notes to the same extent of the deferral or reduction in the interest payments on the coupon reference obligation, for so long as the coupon deferral event in respect of the coupon reference obligation is continuing.]

[If a coupon step-up event occurs (being an increase in interest payments as a result of a downgrade of any obligor in respect of a coupon reference obligation) in respect of [the][any] coupon reference obligation being [•], the Issuer shall include an additional margin [of [•] per cent. per annum] to the interest payments due under the Notes to reflect the increase in the interest payments on the coupon reference obligation, for so long as the coupon step-up event in respect of the coupon reference obligation is continuing.]

[As a "**Minimum Interest Rate**" applies, the Rate of Interest will be restricted from falling below a fixed percentage level per annum, [namely [•] per cent. [per annum]][[indicatively] [•] per cent. [per annum]]. [The indicative minimum amount is [•] per cent.] [The indicative maximum amount is [•] per cent.]. [As a "**Maximum Interest Rate**" applies, the Rate of Interest will not exceed a fixed percentage level per annum., [namely [•] per cent. [per annum]][[indicatively] [•] per cent. [per annum]]. [The indicative minimum amount is [•] per cent.] [The indicative maximum amount is [•] per cent.].

[The Notes are Zero Coupon Notes and do not bear interest. However, an accrual yield of [ ] per cent. per annum (the "**Amortisation Yield**") is used for calculating the Rate of Interest for any overdue amount of principal repayable prior to the Maturity Date and is not paid when due.]

[All interest amounts payable under the Notes (as further described below))] shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [•] (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Interest FX Factor**").]

[Equity/Index/Inflation Linked Notes - Underlying Linked Interest:

[In addition to the [Fixed][Floating] Interest Amounts described above,] [t][T]he Notes pay an amount of interest linked to an underlying asset (as described in C.10 (*Derivative Components relating to the coupon*).]

Payments of Principal: [Payments of principal in respect of Notes will be calculated by reference to [two][an] underlying asset[s] (as further described in C.20 (*Type of the underlying*) (the "**Underlying[s]**") [and, in addition, are credit linked to [a] specified Reference Entit[y/ies] [and a Parallel Credit Reference Entity], as described in C.15 (*Effect of value of underlying instruments*). [The Notes will be redeemed at par.] [The Notes will be redeemed in the amounts and on the dates set out in the table below:

Instalment Dates	**Instalment Amounts**	**Instalment Reduction**
[•]	[•]/[•] per cent. of the nominal amount/[Inflation Linked]	[•]/[•] per cent. of the nominal amount]

[Yield:

The yield of the Notes will be calculated on the Issue Date with reference to the Issue Price. Each

		such calculation of the yield of the Notes will not be an indication of future yield. The yield of the Notes is [ ].] **Noteholder Representative** Deutsche Trustee Company Limited (the "**Trustee**") has entered into a trust deed with the Issuer in connection with the Programme, under which it has agreed to act as trustee for the Noteholders.
C.10	**Derivative Components relating to the coupon:**	[Not Applicable] [The [Underlying-linked] interest payments on the [N Barrier (Income) Notes with Capital at Risk Notes] [Phoenix Kick out Notes with Capital at Risk] [Range Accrual (Income) Notes with Capital at Risk] [Range Accrual (Income) Notes without Capital at Risk] [Inflation Linked Notes without Capital at Risk] [Inflation (Interest only) Linked Notes without Capital at Risk][Inflation Linked Notes with Capital at Risk][Combined Underlying Linked Upside Notes with Capital at Risk][Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk] will depend on the performance of the "**[Return] Underlying**" (as further described in C.20 (*Type of the underlying*))]. [On each interest payment date the Calculation Agent will determine the interest amounts payable to Noteholders on the basis of the additional specified provisions relating to such Notes.] [An "**Interest Amount**" of [indicatively] [•] per cent. will become payable in respect of each specified period at the end of which the [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying is greater than a specified percentage of the initial [level][price][value] of [the Underlying][such [index][[ETF] share]] (the "**Interest Amount Level**"). The Interest Amount in respect of each specified period is determined independently and paid to the investor on the related interest payment date. [The indicative minimum amount in relation to Interest Amount is [•] per cent.] [The indicative maximum amount in relation to Interest Amount is [•] per cent.] [Any "**Missed Interest Amounts**" (being Interest Amounts which did not become payable in respect of an interest period because the [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying was lower than the Interest Amount Level at the end of such period) will be paid out with any subsequent interest payments.] [An interest payment will become payable in respect of each specified interest period, the amount of which payment (an "**Interest Amount**") will be determined by the performance of the Underlying. The Interest Amount will be calculated in respect of the number of days in such specified period during which the price or level of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying is within a specified range of the initial [level][price][value] of [the Underlying][such [index][[ETF] share]], between the "**Range Upper Level**" and the "**Range Lower Level**". The Interest Amount in respect of each specified period is determined independently and paid to the investor on the related interest payment date.] [On each specified interest payment date the Notes will pay a fixed rate of interest adjusted to take account of the change in the level of the [Return] Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to each relevant interest payment date] [On each specified interest payment date the Notes will pay an amount of interest determined by the change in the level of the Underlying between (i) a specified month prior to the previous interest payment date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month prior to each relevant interest payment date [(which change will be subject to a gearing percentage of [•] per cent)]. Such interest payments may further include an additional fixed amount of interest ("**Spread**") and may be subject to a minimum rate of interest and/or a maximum rate of interest.]
C.11	**Listing and Trading:**	This document has been approved by the FCA as a base prospectus in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Application has also been made for the Notes to be admitted during the twelve months after the date hereof to listing on the Official List of the FCA and to trading on the regulated market (for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)) (the "**Regulated Market**") Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"). Application may also be made for the Notes to be admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (including, without limitation, Nasdaq Helsinki Oy ("**Nasdaq Helsinki**"), Nasdaq Stockholm AB ("**Nasdaq Stockholm**"), the Nordic Growth Market NGM AB ("**NGM**") or Borsa Italiana S.p.A ("**Borsa Italiana**") during the period of twelve months after the date hereof.

		[No] Application will be made for the Notes to be admitted to listing on the Official List of the [FCA] [Nasdaq Helsinki][Nasdaq Stockholm][NGM][Borsa Italiana] [and to][nor to] trading on the [Regulated Market of the London Stock Exchange][Regulated Market of the Nasdaq Helsinki][Regulated Market of the Nasdaq Stockholm][Regulated Market of the NGM][Securitised Derivatives Exchange of the Borsa Italiana] effective on or around [ ].
C.15	**Effect of value of underlying instruments:**	[The return on the Notes is linked to the performance of [an][two] underlying instrument[s] (being [the] [FTSE® 100 Index] [FTSE® All-World Index] [the S&P 500® Index] [the EuroSTOXX® Index] [the MSCI® Index] [the MSCI® Emerging Markets Index] [the HSCEI Index] [the DAX Index] [the S&P ASX 200 (AS51) Index] [the CAC 40 Index] [the Nikkei] [the JSE Top40 Index] [the Finvex Sustainable Efficient Europe 30 Price Index] [the Finvex Sustainable Efficient World 30 Price Index] [the BNP Paribas SLI Enhanced Absolute Return Index] [the Tokyo Stock Exchange Price Index] [the SMI Index] [the Russell 2000® Index] [the EVEN 30™ Index] [the EURO 70™ Low Volatility Index][a single [ETF] share][a basket of [[ETF]shares/indices]] specified below][UK Retail Price Index] [•] (the ["**Risk Underlying**"]["**Return Underlying**"][the Risk Underlying and the Return Underlying together the] ["**Underlying[s]**"])). The value of the [Risk] Underlying[s] is used to calculate the redemption price of the Notes and accordingly affects the return (if any) on the Notes:]

[[Risk][Return] Underlying]

[Share Issuer][Exchange Traded Fund]	**[Name and short description of [ETF] Shares (including ISIN Number)]**	**[Weighting]**
[•]	[•]	[•]

[[Risk][Return] Underlying]

[Index / Exchange]	**[Weighting]**
[•]	[•]

[**Automatic Early Redemption**

[If on one of the dates specified below (the "**Automatic Early Redemption Valuation Date**") the performance of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying] [If the arithmetic average of the performance of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying [on each of the averaging dates (the "**Automatic Early Redemption Averaging Dates**")] [during the averaging period (the "**Automatic Early Redemption Average Period**")] specified below], is greater than the threshold level, price or value specified (the "**Automatic Early Redemption Threshold**"), the Notes will be redeemed at the amount specified below (the "**Automatic Early Redemption Amount**") on a date prior to maturity (the "**Automatic Early Redemption Date** "):]

Automatic Early Redemption Valuation Date*	**Automatic Early Redemption Date**	**Automatic Early Redemption Amount**	**Automatic Early Redemption Threshold**
[•]	[•]	[[•] per cent. of Issue Price][[Automatic Early Redemption Amount be determined in accordance with Condition 18 (*Indicative Terms*). [Indicatively [•] per cent. of Issue Price] [indicative minimum amount is [•] per cent. of Issue Price]] [indicative maximum amount is [•] per cent. of Issue Price]]	[•] per cent. of Initial [Index Level][Share Price] [Value]

*Provided that if the Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day shall be the Automatic Early Redemption Valuation Date.

Automatic Early Redemption Valuation Date*	Automatic Early Redemption Averaging Dates	Automatic Early Redemption Averaging Start Date	Automatic Early Redemption Averaging End Date
[•]	[•] [Automatic Early Redemption Valuation Date] [Automatic Early Redemption Period applies]	[[•]/Not Applicable] [the [•] Scheduled Trading Day prior to the Automatic Early Redemption End Date]	[[•]/Not Applicable]

Automatic Early Redemption Valuation Date	Automatic Early Redemption Averaging Period
[•]	[Each Scheduled Trading Day in the period from and including [•] (the "**Automatic Early Redemption Averaging Start Date**") and to and including [•](the "**Automatic Early Redemption Averaging End Date**")] [[•] and the [•] Scheduled Trading Days prior to [•] [which are Scheduled Trading Days in respect of each [Exchange]/[Index].]

[Credit Linkage

[In addition to being linked to the Underlying[s],] [t][T]he Notes are "**Credit Linked Notes**", [•] per cent. of which are linked to the credit of the "**Reference Entit**[**y**][**ies**]" described below.

The market price or value of the Notes at any times is expected to be affected by changes in the value of the Underlying and the likelihood of [the occurrence of a CDS Event in relation to] the Reference Entit[y][ies] [or the Parallel Credit Reference Entity] becoming insolvent, defaulting on its payment obligations or being subject to governmental intervention (where relevant) or a restructuring of its debt obligations (a "**Credit Event**")].

[The Reference Entity on the Issue Date will be [•].] [The Reference Entities on the Issue Date [and their respective weightings will be as set out in the table below][will be determined by reference to an index of Reference Entities as specified in the applicable Final Terms, each of which will be weighted equally]. [Each of][certain of] the Reference Entities will cease to be Reference Entity on the relevant date specified in respect to such Reference Entity (the "**Reference Entity Removal Date**"). When a Reference Entity is removed, the proportion of the Credit Linked Note previously linked to such Reference Entity [will be redistributed equally among the remaining Reference Entities][will cease to be Credit Linked]].]

Name of Reference Entity	Reference Entity Weighting (%)	Reference Entity Removal Date
[•]	[•]	[Not Applicable][•]

The portion of the Notes which is credit linked is the "**Credit Linked Portion**" of such Note). The Credit Linked Notes are ["**Single Name CLNs**"]["**Basket CLNs**"]["**Index CLNs**"]["**Tranched CLNs**"] to which the ["**Simplified**"]["**ISDA**"] Credit Linkage provisions apply.

[*Include where ISDA/Simplified Credit Linkage and General Recovery applies to Single Name/Basket/Index CLNs* - If [one or more of] the Reference Entit[y][ies] becomes subject to a [Credit Event][CDS Event] the value of the [portion of the Notes linked to such Reference Entity][Credit Linked Portion][Notes] will be linked to a recovery rate (the "**Recovery Rate**") determined by reference to an auction coordinated by the International Swaps and Derivatives Association, Inc. ("**ISDA**") in respect of certain [subordinated][unsubordinated] obligations of the Reference Entity/Entities or, in certain circumstances, including if such an auction is not held, a market price as determined by Investec Bank plc in its capacity as calculation agent (the "**Calculation Agent**") [(which rate will be subject to a gearing percentage of [•] per. cent.)]. Details regarding ISDA auctions can be obtained as of the date hereof on ISDA's website, which is currently [www.isda.org]/[•].]

[*Include where ISDA Credit Linkage and Specific Recovery applies to Single Name/Basket/Index CLNs*- If [one or more of] the Reference Entit[y][ies] becomes subject to a CDS Event, the value of the [portion of the Notes linked to such Reference Entity][Credit Linked Portion][Notes] will be linked to a rate determined by reference to the market value of a specified debt obligation of the relevant Reference Entity (being the "**Reference Obligation**" in respect of the relevant Reference Entity) [(which rate will be subject to a gearing percentage of [•] per. cent.)]. The Reference Obligations in relation to each Reference Entity to which the Note is linked are set out in the table below.

		Name of Reference Entity / **Reference Obligation** [•] / [•] [*Include where ISDA/Simplified Credit Linkage and Zero Recovery applies to Single Name/Basket/Index CLNs* - If [one or more of] the Reference Entities becomes subject to a [CDS Event][Credit Event], the value of the [portion of the Notes linked to such Reference Entity][Credit Linked Portion][Notes] will be zero.] [*Include where ISDA/Simplified Credit Linkage and Fixed Recovery applies to Single Name/Basket/Index CLNs* - If [one or more of] the Reference Entities becomes subject to a [CDS Event][Credit Event], the value of the [portion of the Notes linked to such Reference Entity][Credit Linked Portion][Notes] will be determined by reference to a fixed percentage return (the "**Recovery Rate**") specified in the applicable Final Terms.] *[Include where ISDA/Simplified Credit Linkage applies to Tranched CLNs* - If Reference Entities representing greater than or equal to a specified percentage of the Credit Linked Portion (based on the "Initial Weighting" assigned to the Reference Entites in the applicable Final Terms) are subject to a [Credit Event][CDS Event], then [on the occurrence of any subsequent[Credit Event][CDS Event] in relation to a Reference Entity, the value of the [portion of the Notes linked to such Reference Entity][Credit Linked Portion][Notes] [will be zero]. [*Include where Notes are subject to Parallel Credit Linkage* - Additionally, the Notes are Credit Linked Notes to which "**Parallel Credit Linkage**" provisions apply. This means that in addition to being linked to the credit of the Reference Entities in the manner described above, 100 per cent. of the Credit Linked Portion of the Notes will be linked to the credit of a Parallel Credit Reference Entity. The Parallel Credit Reference Entity on the Issue Date will be [•].] [If the Parallel Credit Reference Entity becomes subject to a CDS Event, [the value of the Credit Linked Portion of the Notes will be linked to the market value of the following obligation[s] of the Parallel Credit Reference Entity: [•], [[•] and [•]] as determined by the Calculation Agent] [the value of the Notes will be linked to a recovery rate (the "**Recovery Rate**") determined by reference to an auction coordinated by the International Swaps and Derivatives Association, Inc. ("**ISDA**") in respect of certain [subordinated/unsubordinated] obligations of the Parallel Credit Reference Entity or, in certain circumstances, including if such an auction is not held, a market price as determined by Investec Bank plc in its capacity as calculation agent (the "**Calculation Agent**"). Details regarding ISDA auctions can be obtained as of the date hereof on ISDA's website, which is currently [www.isda.org]/[•]][the value of the Notes will be zero]. [Any credit-linked redemption amount payable in respect of the Notes shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [•] (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Credit Linked FX Factor**").]
C.16	**Expiration or maturity date:**	The Maturity Date of the Notes is [•].
C.17	**Settlement procedure:**	[The Notes will be cash-settled.][The Notes will be physically settled] [if at maturity the [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying is less than [or equal to] a specified percentage of the initial [level][price][value] of [the Underlying][such [index][[ETF] share]] [and the Barrier Condition is not satisfied], otherwise the Notes will be cash-settled].
C.18	**Return on securities:**	Series [•] are [[Kick Out Notes with Capital at Risk][Kick Out Notes without Capital at Risk][Phoenix Kick Out Notes with Capital at Risk][Upside Notes with Capital at Risk][Upside Notes without Capital at Risk][Geared Booster Notes with Capital at Risk][Lock-In Call Notes with Capital at Risk][N Barrier (Income) Notes with Capital at Risk][Range Accrual (Income) Notes with Capital at Risk][Range Accrual (Income) Notes without Capital at Risk][Reverse Convertible Notes with Capital at Risk][Dual Underlying Kick Out Notes with Capital at Risk][Dual Underlying Upside Notes with Capital at Risk][Inflation Linked Notes without Capital at Risk][Inflation (Interest only) Linked Notes without Capital at Risk][Inflation Linked Notes with Capital at Risk][Combined Underlying Linked Upside Notes with Capital at Risk][Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk], the return on which are linked to the Underlying[s]][Fixed Rate Notes][Floating Rate Notes][Zero Coupon Notes] [ ]. [**Capital at Risk** The Notes [have] [do not have] capital at risk. **[FX Factors**

[The final redemption amount payable under the Notes shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [•] (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Final Redemption FX Factor**").]

Interest Amounts payable on the Notes

[The Notes [pay a [Fixed][Floating] Interest Amount (as described above in C.10 (*The Rights Attaching to the Securities (Continued), Including Information as to Interest, Maturity, Yield and the Representative of the Holders*)] [and] [may pay an amount of interest linked to the Underlying (as described in C.10 (*Derivative Components relating to the coupon*).]

[All interest amounts payable under the Notes (as further described below))] shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [•] (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Interest FX Factor**").]

Redemption Amount payable on the Notes

[The Notes will be redeemed at [•] per cent. of their nominal amount.]

[The Notes will be redeemed in the amounts and on the dates set out in the table below:

Instalment Dates	**Instalment Amounts**	**Instalment Reduction**
[•]	[•]/[•] per cent. of the nominal amount/[Inflation Linked]	[•]/[•] per cent. of the nominal amount]

[The Notes are [Equity Linked][Index Linked][Dual Underlying Linked] Notes, the redemption amount in respect of which is linked to the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying[s]. [The Notes are Inflation Linked Notes, the redemption amount in relation to which is linked to an inflation-linked index]. [The Notes are Combined Underlying Linked Notes, the redemption amount in relation to which is linked to two separate underlying assets, a specified inflation-linked index and a [single [ETF] share][a single index][basket of indices][basket of [ETF] shares].]

[The calculations which are required to be made to calculate the amounts payable in relation to each type of Note will be based on the level, price or value (as applicable) of the relevant Underlying at certain specified times, where the "**level**" is in respect of an index, a basket of indices, or an inflation index, "**price**" is in respect of a share (or ETF share) or "**value**" is in respect of a basket of shares (or ETF shares).]

[Redemption provisions in respect of] [Kick Out Notes with Capital at Risk] [**Kick Out Notes without Capital at Risk**][**Phoenix Kick Out Notes with Capital at Risk][Upside Notes with Capital at Risk][Upside Notes without Capital at Risk][Geared Booster Notes with Capital at Risk][Lock-In Call Notes with Capital at Risk][N Barrier (Income) Notes with Capital at Risk**][**Range Accrual (Income) Notes with Capital at Risk]** [**Range Accrual (Income) Notes without Capital at Risk]** [**Dual Underlying Kick Out Notes with Capital at Risk]** [**Dual Underlying Upside Notes with Capital at Risk]:**

[*Automatic Early Redemption*

The Notes may mature early (kick out) on a certain date or dates specified in the Final Terms, depending on the [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] [Return] Underlying on specified valuation dates, as further described in C.15 (*Effect of value of underlying instruments*).

If the Notes kick out early an investor will receive [the relevant Automatic Early Redemption Amount described in C.15 (*Effect of value of underlying instruments*)] [multiplied by an FX factor based on the exchange rate between the Specified Currency and [•] (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Kick Out FX Factor**").], [a fixed number of [each of] the [[worst][best] performing] [ETF] shares [in the basket] comprising the Underlying, calculated by dividing the outstanding notional amount of the Notes by the initial share price of such [ETF] shares [and multiplying such figure by the weighting of the [ETF] share in the relevant basket] and, if applicable, multiplying the result by the relevant exchange rate. If this calculation does not result in a whole number, an investor will be delivered the nearest whole number of [each of] the [[worst][best] performing] [ETF] shares [in the basket comprising the Underlying] (determined by rounding down the result) and will be paid a cash amount representing the remaining fractional amount.]].

Final Redemption Amount

[If there has been no kick out,][t][T]he return on the Notes at maturity will be based on [the final [level][price][value] of the Underlying[s]][two separate calculations of the final [level][price][value] of the Underlying, an "upside" final level used to calculate any additional return payable to the investor, and a "downside" final level used to calculate capital at risk][and a

lock-in [level][price][value]] [(being the "**Return Underlying**" and the "**Risk Underlying**")] ([each] determined as described in C.19 (*Exercise price or final reference price of the underlying*)). [[In certain circumstances this may result in the investor receiving an amount less than their initial investment.]

Scenario A – [Upside Return][Greater of Upside Return and [Minimum Return][Lock-In Return]][Digital Return]

If at maturity the final [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] [Return] Underlying [(as determined in accordance with the provisions for determining the "upside" final level)] (the "**[Upside] Final [Return][Price][Level][Value]**") is greater than [or equal to] a specified percentage of the initial [level][price][value] of [the [Return] Underlying][such [index][[ETF] share]] (the "**Initial [Return][Price][Level][Value]**") [and/or the lock-in [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying (the "**Lock-In [Price][Level][Value]**") is greater than [or equal to] the Initial [Price][Level][Value]][and [either (i) the "**Barrier Condition**"* is satisfied or (ii) [the final [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] [Risk] Underlying [as determined in accordance with the provisions specified to determine such "downside" performance] (the "**[Downside] Final [Risk] [Price][Level][Value]**") is greater than a specified percentage of the [initial [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] [Risk] Underlying (the "**Initial Risk [Price][Level][Value]**"), an investor will receive

[a cash amount equal to their initial investment] [multiplied by a "**Digital Return**", being [indicatively] [•] per cent.] [(which cash amount will be multiplied by [a Return Factor of [•] per cent. (the "**Return Factor**")] [and] [an FX Factor based on the exchange rate between the Specified Currency and [•] (the "**FX Currency**") each as specified in the applicable Final Terms ("**FX Factor 1**")] [*plus*] [the greater of:]

- [an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the Initial [Return][Price][Level][Value] and the [Upside] Final [Return][Price][Level][Value][multiplied by a gearing percentage of [•] per cent. ("**Gearing 1**")] [subject to a cap of [•] per cent.] [(which cash amount shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [[•] (the "**FX Currency**")][the FX Currency] ("**FX Factor [1][2]**"))]; [and]

- [a "**Minimum Return**" being a cash amount equal to their initial investment amount multiplied by a fixed percentage of [indicatively] [•] per cent.] [(which cash amount shall be multiplied by an FX Factor [1][2])].

- [a "**Lock-In Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the Initial [Return][Price][Level][Value] and the Lock-In [Return][Price][Level][Value], rounded down to the nearest multiple of the lock-in percentage (being [•] per cent.) [and be multiplied by a gearing percentage of [•] per cent. ("**Gearing 1**")][(which cash amount shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [[•] (the "**FX Currency**")] ("**FX Factor 1**")).

- ["**Upside Return 1**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the Initial [Price][Level][Value] and the [Upside] Final [Price][Level][Value] up to a specified level (being the "**Upside Booster Threshold**") [multiplied by a gearing percentage of [•] per cent. ("**Gearing 1**")]. [Upside Return 1 shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [[•] (the "**FX Currency**")][the FX Currency] ("**FX Factor 2**"); *plus*

- "**Upside Return 2**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the Upside Booster Threshold (being [indicatively] [•] per cent. of the Initial [Price][Level][Value]] and the [Upside] Final [Price][Level][Value] [multiplied by a gearing percentage of [•] per cent. ("**Gearing 2**")] [subject to a maximum cap of [•] per cent.]. [Upside Return 2 shall be multiplied by an FX factor based on the exchange rate between the Specified Currency and [[•] (the "**FX Currency**")][the FX Currency] ("**FX Factor 3**")]].

[The indicative minimum amount in relation to [Digital Return][Minimum Return][Gearing 1][Gearing 2][Upside Booster Threshold] is [•] per cent.] [The indicative maximum amount in relation to [Digital][Minimum Return][Gearing 1][Gearing 2][Upside Booster Threshold] is [•] per cent.].

Scenario B – [Return of Initial Investment][plus Minimum Return] or Loss of Investment]

[If at maturity the [Upside] Final [Return][Price][Level][Value] is less than or equal to a specified percentage of the Initial [Return][Price][Level][Value] [and] [the Lock-In Level is less than or equal to a specified percentage of the Initial [Return][Price][Level][Value]] [and] [either (i) the "**Barrier Condition**"* is satisfied or, (ii)] the [Downside] Final [Risk] [Price][Level][Value] is greater than a specified percentage of the Initial [Risk] [Price][Level][Value], an investor will receive a cash amount equal to their initial investment [(which cash amount will be multiplied by [the Return Factor] [and] [FX Factor 1] [with no additional return][plus the Minimum Return (as defined above)].] [Not applicable as no "Barrier Condition" has been specified in relation to the Notes.]]

[Scenario C - Positive Return or Loss of Investment – Capital Downside Products only]

[If at maturity the [Upside] Final [Return] [Price][Level][Value] is greater than a specified percentage of the Initial [Return] [Price][Level][Value] [and the [Downside] Final [Risk] [Price][Level][Value] is less than or equal to a specified percentage of the Initial [Risk][Price][Level][Value] [and the Barrier Condition is not satisfied], an investor will receive a cash amount equal to their initial investment [multiplied by the Digital Return and] reduced by a percentage linked to any decline in performance between the Initial [Risk] [Price][Level][Value]] and the [Downside] Final Risk [Price][Level][Value] [between certain specified [levels][prices][values] (such [levels][prices][values] being the "**Upper Strike**" and the "**Lower Strike**" respectively)] [("**Downside Return 1**")][("**Downside Return 2**")] *plus* [the greater of:]:

- [[Upside Return (as defined above)][; and]
- [Minimum Return (as defined above)]]
- [Upside Return 1 (as defined above); *plus*
- Upside Return 2 (as defined above)].

[(which redemption amount shall be multiplied by FX Factor 1).]

[Not applicable as "Capital Downside" is not specified as applicable in relation to the Notes.]]

[Scenario [C][D] – Loss of Investment

[If at maturity the [Upside] Final [Return][Price][Level][Value] is less than [or equal to] a specified percentage of the Initial [Return][Price][Level][Value] [and the Lock-In [Price][Level][Value] is less than [or equal to] a specified percentage of the Initial [Price][Level][Value] [and the [Downside] Final [Risk][Price][Level][Value] [and the Barrier Condition is not satisfied] is less than [or equal to] a specified percentage of the Initial [Risk][Price][Level][Value], an investor will receive

[a cash amount equal to their initial investment reduced by a percentage linked to any decline in performance between the [Initial [Risk] [Price][Level][Value]] and the [Downside] Final [Risk] [Price][Level][Value] [between certain specified [levels][prices][values] (such [levels][prices][values] being the "**Upper Strike**" and the "**Lower Strike**" respectively)] [multiplied by a gearing percentage of [indicatively] [•] per cent. ("**Gearing [2][3]**")] [("**Downside Return 1**")][("**Downside Return 2**")] [(which cash amount will be multiplied by FX Factor 1)].

[The indicative minimum amount in relation to Gearing [2][3] is [•] per cent.] [The indicative maximum amount in relation to Gearing [2][3] is [•] per cent.].

[a fixed number of [each of] the [[worst][best] performing] shares [in the basket] comprising the Underlying, calculated by dividing the outstanding notional amount of the Notes by the initial share price of such shares [and multiplying such figure by the weighting of the [ETF] share in the relevant basket] and, if applicable, multiplying the result by the relevant exchange rate. If this calculation does not result in a whole number, an investor will be delivered the nearest whole number of [each of] the [[worst][best] performing] [ETF] shares [in the basket] comprising the Underlying] (determined by rounding down the result) and will be paid a cash amount representing the remaining fractional amount.]]]

[**Reverse Convertible Notes with Capital at Risk**:

The return on the Notes at maturity will be based on the final [level][price][value] of the Underlying (calculated as described in C.19 (*Exercise price or final reference price of the underlying*) and, since the Notes are not capital protected, in certain circumstances, this may result in the investor receiving an amount less than their initial investment.

Scenario A – Return of Initial Investment

At maturity:

- If the final [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying (the "**Final [Price][Level][Value]**") is greater than or equal to a specified percentage of the initial [level][price][value] of [the

Underlying][such [index][[ETF] share]] (the "**Initial [Price][Level][Value]**") ; [or

- If the Final [Price][Level][Value] is less than a specified percentage of the Initial [Price][Level][Value] but the "**Barrier Condition**"* is satisfied,]

an investor will receive back a cash amount equal to their initial investment.

Scenario B – Loss of Investment

If at maturity the Final [Price][Level][Value] is less than [or equal to] a specified percentage of the Initial [Price][Level][Value] [and the Barrier Condition is not satisfied], an investor will receive

[a cash amount equal to their initial investment reduced by a percentage linked to any decline in performance between the [Initial [Price][Level][Value]] and the Final [Price][Level][Value] [between certain specified[levels][prices][values] (such [levels][prices][values] being the "**Upper Strike**" and the "**Lower Strike**" respectively)] [("**Downside Return 1**")][("**Downside Return 2**")].

[a fixed number of [each of] the [[worst][best] performing] [ETF] shares [in the basket] comprising the Underlying, calculated by dividing the outstanding notional amount of the Notes by the initial share price of such [ETF] shares [and multiplying such figure by the weighting of such [ETF] share in the relevant basket] and, if applicable, multiplying the result by the relevant exchange rate. If this calculation does not result in a whole number, an investor will be delivered the nearest whole number of [each of] the [[worst][best] performing] [ETF] shares [in the basket] comprising the Underlying] (determined by rounding down the result) and will be paid a cash amount representing the remaining fractional amount.]

[*Redemption at maturity – Equity Linked Notes to which Equity Linked Physical Settlement is applicable*]

[If there has been no kick out,][O][o]n maturity of the Notes an investor will receive [a cash amount determined in accordance with the provisions below] [a fixed number of [each of] the [[worst][best] performing] [ETF] shares [in the basket] comprising the Underlying, calculated by dividing the outstanding notional amount of the Notes by the initial share price of such shares [and multiplying such figure by the weighting of such [ETF] share in the relevant basket] and, if applicable, multiplying the result by the relevant exchange rate. If this calculation does not result in a whole number, an investor will be delivered the nearest whole number of [each of] the [[worst][best] performing] [ETF] shares [in the basket] comprising the Underlying] (determined by rounding down the result) and will be paid a cash amount representing the remaining fractional amount.]

[**Inflation Linked Notes without capital at risk][Inflation (Interest only) Linked Notes without capital at risk][Inflation Linked Notes with Capital at Risk]:** The Notes are linked to the performance of an inflation index (the "**Underlying**") in relation to [interest amounts payable on the Notes and] the return on the Notes payable at maturity]. [Since the Notes are not capital protected, in certain circumstances this may result in the investor receiving an amount less than their initial investment.]

[**Instalment Return**

On each specified instalment date the Notes will pay a redemption amount determined by the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the relevant instalment date.]

[**Maturity return**

[In addition to the interest amounts set out above,][A][a] maturity the return on the Notes will be an amount determined by the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes[, subject always to a minimum return at least equal to the investor's initial investment.].]

[Combined Underlying Linked Upside Notes with Capital at Risk: The Notes are linked to the performance of a "**Return Underlying**" (being an inflation index) in relation to interest amounts payable on the Notes (as described in C.10 (*Derivative Components relating to the coupon*)) and to both the Return Underlying and a "**Risk Underlying**" (being a share, index, basket of shares or basket or indices) in relation to the return on the Notes payable at maturity. Since the Notes are not capital protected, in certain circumstances this may result in the investor receiving an amount less than their initial investment.

Scenario A – Upside Return

If at maturity the final level of the Return Underlying (the "**Final Inflation Level**") is greater than [or equal to] a specified percentage of the initial level of the Return Underlying (the "**Initial Inflation Level**") and [either (i) the "**Barrier Condition**"* is satisfied or (ii)] the final [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising

the] [Risk] Underlying (the "**Final Risk [Price][Level][Value]**") is greater than a specified percentage of the [initial [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Risk Underlying (the "**Initial Risk [Price][Level][Value]**"), an investor will receive,

- a cash amount equal to their initial investment; *plus*
- an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the Initial Inflation Level and the Final Inflation Level.

Scenario B – Return of Initial Investment

[If at maturity the Final Inflation Level is less than or equal to a specified percentage of the Initial Inflation Level and [either (i) the "**Barrier Condition**"* is satisfied or, (ii)] the Final Risk [Price][Level][Value] is greater than a specified percentage of the Initial Risk [Price][Level][Value], an investor will receive a cash amount equal to their initial investment.] [Not applicable as no "Barrier Condition" has been specified in relation to the Notes.]]

Scenario C – Positive Return or Loss of Investment

If at maturity the Final Inflation Level is greater than a specified percentage of the Initial Inflation Level and the Final Risk [Price][Level][Value] is less than or equal to a specified percentage of the Initial Risk [Price][Level][Value] [and the Barrier Condition is not satisfied], an investor will receive a cash amount equal to their initial investment reduced by a percentage linked to any decline in performance between the Initial Risk [Price][Level][Value]] and the Final Risk [Price][Level][Value] [between certain specified [levels][prices][values] (such [levels][prices][values] being the "**Upper Strike**" and the "**Lower Strike**" respectively)] [("**Downside Return 1**")][("**Downside Return 2**")] *plus* the Upside Return.

Scenario D – Loss of Investment

[If at maturity the Final Inflation Level is less than [or equal to] a specified percentage of the Initial Inflation Level and [the Barrier Condition is satisfied and] the Final Risk [Price][Level][Value] is less than or equal to a specified percentage of the Initial Risk [Price][Level][Value], an investor will receive a cash amount equal to their initial investment reduced by a percentage linked to any decline in performance between the Initial Risk [Price][Level][Value] and the Final Risk [Price][Level][Value] [between certain specified [levels][prices][values] (such [levels][prices][values] being the "**Upper Strike**" and the "**Lower Strike**" respectively)] ("**Downside Return 1**")][("**Downside Return 2**")].

[Combined Underlying Linked (Inflation Interest and Equity/Index Downside) Notes with Capital at Risk: Interest amounts payable on the Notes are linked to the performance of a "**Return Underlying**" (being an inflation index) in relation to interest amounts payable on the Notes (as described in C.10 (*Derivative Components relating to the coupon*)) and to a "**Risk Underlying**" (being a share, index, basket of shares or basket or indices) in relation to the return on the Notes payable at maturity. Since the Notes are not capital protected, in certain circumstances this may result in the investor receiving an amount less than their initial investment.

Scenario A – Return of Initial Investment

At maturity[:][,]

- [I][i]f the final [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying (the "**Final Risk [Price][Level][Value]**") is greater than or equal to a specified percentage of the initial [level][price][value] of [the Underlying][such [index][[ETF] share]] (the "**Initial Risk [Price][Level][Value]**") ; [or
- If the Final Risk [Price][Level][Value] is less than a specified percentage of the Initial Risk [Price][Level][Value] but the "**Barrier Condition**"* is satisfied,]

an investor will receive back a cash amount equal to their initial investment.

Scenario B – Loss of Investment

If at maturity the Final Risk [Price][Level][Value] is less than [or equal to] a specified percentage of the Initial Risk [Price][Level][Value] [and the Barrier Condition is not satisfied], an investor will receive

[a cash amount equal to their initial investment reduced by a percentage linked to any decline in performance between the Initial Risk [Price][Level][Value]] and the Final Risk [Price][Level][Value] [between certain specified [levels][prices][values] (such [levels][prices][values] being the "**Upper Strike**" and the "**Lower Strike**" respectively)] [("**Downside Return**

		1")][("**Downside Return 2**")]. *[*The "**Barrier Condition**" is satisfied [where the [level][price][value]] of [the [worst][best] performing [index][[ETF] share] in the basket comprising the] [Risk] Underlying is greater than or equal to a specified percentage of the initial [level][price][value] of [the [Risk] Underlying][such [index][[ETF] share]] [at all times][at the Valuation Time][on each day during the period][on [each of] the date[s]] specified in the relevant Final Terms] [where the arithmetic average of the [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] [Risk] Underlying over the averaging dates specified in the Final Terms is greater than or equal to a specified percentage (being [indicatively] [•] per cent.) of the initial [level][price][value] of [the [Risk] Underlying][such [index][[ETF] share]](the "**Barrier Threshold**")]* [The indicative minimum amount in relation to Barrier Threshold is [•] per cent.] [The indicative maximum amount in relation to the Barrier Threshold is [•] per cent.].
C.19	**Exercise price or final reference price of the underlying:**	The determination of the performance of the Underlying[s] and the redemption price will be carried out by the Calculation Agent, being [•]. [The Initial [Return][Risk] [Price][Level][Value] [is] [•] will be the [arithmetic average of the] [lowest] [official] [closing] [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying [as at the Valuation Time] [on each initial averaging date] [on the [Issue][Strike] Date] [on each scheduled trading day in the period from and including an initial strike date to and including the final strike date][for the relevant reference month]. [The [level][price][value] of the Underlying used to determine whether an automatic early redemption event has occurred] will be the [arithmetic average of the] [highest] [[level][price][value]] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying [as at the Valuation Time] [on each automatic early redemption averaging date] [on each scheduled trading day in the period from and including an automatic early redemption averaging start date to and including the automatic early redemption averaging end date] [on the relevant automatic early redemption valuation date]. [The Lock-In [Price][Level][Value]the Underlying will be [the [highest] [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying [observed as at the Valuation Time] [on [a][certain] specified observation date[s]][during a specified period]]. [The Final [Upside][Downside][Return][Risk] [Price][Level][Value] [will be the [arithmetic average of the] [highest] [[level][price][value]] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying [as at the Valuation Time] [on each relevant date during a specified period] [on each final averaging date] [on each scheduled trading day in the period from and including a final early redemption averaging start date to and including the final early redemption averaging end date] [on the final redemption valuation date] [for the relevant reference month].] [The determination of the [auction price determined by the ISDA Determinations Committee or the] applicable market value of the relevant debt obligations of the Reference Entity following the occurrence of a [CDS Event][Credit Event] relating to the relevant Reference Entity, will be carried out by the Calculation Agent.]
C.20	**Type of the underlying:**	[The Notes are linked to [an][two] underlying instrument[s] [as further described in C.15 (*Effect of value of underlying instruments*)] [(being [the] [FTSE® 100 Index] [FTSE® All-World Index] [the S&P 500® Index] [the EuroSTOXX® Index] [the MSCI® Index] [the MSCI® Emerging Markets Index] [the HSCEI Index] [the DAX Index] [the S&P ASX 200 (AS51) Index] [the CAC 40 Index] [the Nikkei] [the JSE Top40 Index] [the Finvex Sustainable Efficient Europe 30 Price Index] [the Finvex Sustainable Efficient World 30 Price Index] [the BNP Paribas SLI Enhanced Absolute Return Index] [the Tokyo Stock Exchange Price Index] [the SMI Index] [the Russell 2000® Index] [the EVEN 30™ Index] [the EURO 70™ Low Volatility Index][a single [ETF] share][a basket of [[ETF]shares/indices]] [UK Retail Price Index] [•] [specified below.] (the ["**Risk Underlying**"]["**Return Underlying**"][the Risk Underlying and the Return Underlying together the] ["**Underlying[s]**"])). [[**Risk/Return Underlying**]

[Share Issuer][Exchange Traded Fund]	**[Name and short description of Shares (including ISIN Number)]**	**[Weighting]**	**Where information can be obtained about the past and the further performance of the share**

[*AND/OR*]

[[**Risk**][**Return**] **Underlying**]

[Index][Exchange]	**[Weighting]**	**Where information can be obtained about the past and the further performance of the [index/ exchange]**

Section D – Risks		
D.2	**Risks specific to the issuer:**	**In relation to Public Offers of the Notes, the Notes are designed for investors who are or have access to a suitably qualified independent financial adviser or who have engaged a suitably qualified discretionary investment manager, in order to understand the characteristics and risks associated with structured financial products.** **The following are the key risks applicable to the Issuer:** ***Market risks, business and general macro-economic conditions and fluctuations as well as volatility in the global financial markets could adversely affect the Issuer's business in many ways.*** The Issuer is subject to risks arising from general macro-economic conditions in the countries in which it operates, including in particular the UK, Europe, Asia and Australia, as well as global economic conditions. ***The Issuer is subject to risks concerning customer and counterparty credit quality.*** Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any agreement. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet. The Issuer's credit risk arises primarily in relation to its Specialist Banking business, through which it offers products such as private client mortgages and specialised lending to high income professionals and high net worth individuals and a range of lending products to corporate clients, including corporate loans, asset based lending, fund finance, asset finance, acquisition finance, power and infrastructure finance, resource finance and corporate debt securities. Within its Wealth & Investment business, the Issuer is subject to relatively limited settlement risk which can arise due to undertaking transactions in an agency capacity on behalf of clients. In accordance with policies overseen by its Central Credit Management department, the Issuer makes provision for specific impairments and calculates the appropriate level of portfolio impairments in relation to the credit and counterparty risk to which it is subject. Increased credit and counterparty risk could have a material adverse impact on the Issuer's business, results of operations, financial condition and prospects. ***The Issuer is subject to liquidity risk, which may impair its ability to fund its operations.*** Liquidity risk is the risk that the Issuer has insufficient capacity to fund increases in its assets, or that it is unable to meet its payment obligations as they fall due, without incurring unacceptable losses. This includes repaying depositors and repayments of wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events. ***The Issuer may have insufficient capital in the future and may be unable to secure additional financing when it is required.*** The prudential regulatory capital requirements applicable to banks have increased significantly over the last decade, largely in response to the financial crisis that commenced in 2008 but also as a result of continuing work undertaken by regulatory bodies in the financial sector subject to certain global and national mandates. These prudential requirements are likely to increase further in the short term, not least in connection with ongoing implementation issues, and it is possible that further regulatory changes may be implemented in this area in any event. If the Issuer fails to meet its minimum regulatory capital or liquidity requirements, it may be subject to administrative actions or sanctions. In addition, a shortage of capital or liquidity could affect the Issuer's ability to pay liabilities as they fall due, pay future dividends and distributions, and could affect the implementation of its business strategy, impacting future growth potential.
D.3	**Risks specific to the securities:**	Series [•] are [Secured] [[Kick Out Notes with Capital at Risk][Kick Out Notes without Capital at Risk][Phoenix Kick Out Notes with Capital at Risk][Upside Notes with Capital at Risk][Upside Notes without Capital at Risk][Geared Booster Notes with Capital at Risk][Lock-In Call Notes with Capital at Risk][N Barrier (Income) Notes with Capital at Risk][Range Accrual (Income) Notes with Capital at Risk][Range Accrual (Income) Notes without Capital at Risk][Reverse Convertible Notes with Capital at Risk][Dual Underlying Kick Out Notes with Capital at Risk][Dual Underlying Upside Notes with Capital at Risk][Inflation Linked Notes without Capital at Risk][Inflation (Interest only) Linked Notes without Capital at Risk][Inflation Linked Notes with Capital at Risk][Combined Underlying Linked Upside Notes with Capital at Risk][Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk], the return on which are linked to the [[worst][best] performing of the [[ETF] shares][indices] comprising the] [Underlying[s]][Fixed Rate Notes][Floating Rate Notes][Zero

Coupon Notes] [ ]. [The Notes are [Single Name][Basket][Index][Tranched][CLNs] to which [Simplified][ISDA] Credit Linkage applies.]

The following are the key risks applicable to the Notes:

[**Capital at Risk:** [Kick Out Notes with Capital at Risk][Phoenix Kick Out Notes with Capital at Risk][Upside Notes with Capital at Risk][Geared Booster Notes with Capital at Risk] [Lock-In Call Notes with Capital at Risk][N Barrier (Income) Notes with Capital at Risk][Range Accrual (Income) Notes with Capital at Risk][Reverse Convertible Notes with Capital at Risk][Inflation Linked Notes with Capital at Risk] [Dual Underlying Kick Out Notes with Capital at Risk][Dual Underlying Upside Notes with Capital at Risk] [Combined Underlying Linked Upside Notes with Capital at Risk][Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk] are not [fully] capital protected.

The value of the Notes issuable under the Programme prior to maturity depends on a number of factors including the performance of [any of] [the worst performing [index][[ETF] share] in the basket comprising] the applicable Underlying[s]. A deterioration in the performance of [any of] [the worst performing [index][[ETF] share] in the basket comprising] the Underlying[s] may result in a total or partial loss of the investor's investment in the Notes.

As such Notes are not capital protected, there is no guarantee that the return on such a Note will be greater than or equal to the amount invested in the Notes initially or that an investor's initial investment will be returned. As a result of the performance of the relevant Underlying, an investor may lose all of their initial investment.

Unlike an investor investing in a savings account or similar investment, where an investor may typically expect to receive a low return but suffer little or no loss of their initial investment, an investor investing in Notes which are not capital protected may expect to potentially receive a higher return but may also expect to potentially suffer a total or partial loss of their initial investment.]

Indicative Terms: Investors will be required to make an investment decision based on indicative pricing in relation to certain features of the Notes rather than the final amounts, levels, percentages, prices, rates or values (as applicable), which will only be fixed or determined at the end of the offer period after such investment decision is made but will apply to the Notes once issued. **Investors should be aware that the final level, percentage, price, rate or value (as applicable) determined in relation to each such feature of the Notes may be the least favourable level, percentage, price, rate or value (the "minimum indicative value" or "maximum indicative value", as applicable) disclosed in the Final Terms, and in such circumstances, the return on the Notes will be equal to the lowest potential return disclosed in the applicable Final Terms.**

[**Unsecured Notes**: Investors investing in unsecured Notes (including unsecured Notes which are specified in the applicable Final Terms as Notes "without Capital at Risk") are advised to carefully evaluate the Issuer's credit risk when considering an investment in such Notes. If the Issuer became unable to pay amounts owed to the investor under the unsecured Notes, such investor does not have recourse to the underlying or any other security/collateral and, in a worst case scenario, investors may not receive any payments under the Notes.]

Investment Products: The Notes are not deposits and they are not protected under the UK's Financial Services Compensation Scheme or any deposit protection insurance scheme.

[**Return linked to performance of the relevant Underlying**: The return on the Notes is calculated by reference to the performance of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] Underlying[s]. Poor performance of the relevant [Underlyings][[ETF] share][index] could result in investors, at best, forgoing returns that could have been made had they invested in a different product or, at worst, losing some or all of their initial investment.]

[Downside risk: Since the Notes are not capital protected or only a portion of the capital may be protected, if at maturity the [level][price][value] of the [[worst][best] performing [index][[ETF] share] in the basket comprising the] [relevant] Underlying[s] is less than a specified [level][price][value], investors may lose their right to return of all their principal or all of the portion of the principal that is not protected at maturity and may suffer a reduction of their capital in proportion (or a proportion multiplied by a leverage factor) with the decline of the level or price of the [relevant][[worst][best] performing] [[ETF] share][index][Underlying[s]], in which case investors would be fully exposed (or, in the case of a Note where only a portion of the capital is protected, the portion of capital not protected would be fully exposed) to any downside of the [relevant][[worst][best] performing][Risk] [Underlying][[ETF] share][index] during such specified period].

[Leverage factor: [The Notes have a leveraged exposure to the Underlying, in that the exposure of each Note to the Underlying may be less than the nominal amount of the Note. Positive leveraged exposure results in the effect of small price movements being magnified and may lead

to proportionally greater losses in the value of and return on the Notes as compared to an unleveraged exposure.]

[Since the leverage factor is greater than 100 per cent., if market conditions change, the value of the Notes will be more volatile than if there was no leverage.]

[Since the leverage factor is less than 100 per cent., investors will have a reduced exposure to the performance of the Underlying and may receive lower returns than if their exposure to the Underlying was at 100 per cent. or more.]

[Capped return: The return on the Notes is capped. In such circumstances, the exposure to the upside performance of the relevant Underlying is limited. Accordingly, investors could forgo returns that could have been made had they invested in a product without a similar cap.]

[Return Factor: [The [upside/capital] return on the Notes is subject to a participation factor. [Since the participation factor is less than 100 per cent., the [upside return amount that would otherwise be payable in relation to the Notes][the initial capital to be returned to investors][the downside return that would otherwise be payable on the Notes] will be reduced by such participation factor.]

[FX Factor: [All interest] [and] [The] [redemption amount[s]] payable under the Notes [is][are] subject to an FX Factor based on the exchange rate between two specified currencies. If the FX factor is less than 100 per cent., the [interest] [and/or] [the] [redemption] amount[s] will be reduced by such FX Factor.] [The [upside/capital/downside] return on the Notes is subject to an FX Factor based on the exchange rate between two specified currencies. [If the FX factor is less than 100 per cent., the [upside return amount that would otherwise be payable in relation to the Notes][the initial capital to be returned to investors][the downside return that would otherwise be payable on the Notes] will be reduced by such FX Factor.]]

[Maximum rate of interest. The interest payable on the Notes may be subject to a maximum, thereby limiting the return, which could result in the investors forgoing returns that could have been made had they invested in a product with a higher or no predetermined maximum interest payable.**]**

[Interest linked to Underlying: [Part of] [T][t]he return interest payable on [Phoenix Kick Out Notes with Capital at Risk][Range Accrual Notes (Income) with Capital at Risk][Range Accrual Notes (Income) without Capital at Risk][N Barrier Notes (Income) with Capital at Risk][Inflation Linked Notes without Capital at Risk][Inflation (Interest only) Linked Notes without Capital at Risk][Inflation Linked Notes with Capital at Risk][Combined Underlying Linked Upside Notes with Capital at Risk][Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk)] is dependent on the [level][price][value] of the [relevant][[worst][best] performing] Underlying [during the applicable interest period][at the end of the interest period]. Noteholders will be exposed to the risk of a prolonged increase or decline in, or volatility of, the relevant Underlying that [causes a negative performance in the Underlying on certain specified dates][causes the [level][price][value] of the relevant Underlying to [fall outside of the specified range during the interest period] which this could result in a decrease in the interest payments on the Notes or no interest being payable in relation to the Notes.]

[Physical delivery instead of cash payment: [In certain circumstances] [T][t]he Issuer [may][will] redeem the Notes by delivering shares which will leave investors exposed to the issuer of such delivered assets. Investors may not be able to sell such delivered assets for a specific price and the delivered assets may have a very low value or may in fact be worthless. Investors may also be subject to documentary or stamp taxes and/or other charges in relation to the delivery and/or disposal of such assets. Settlement is subject to satisfaction of all settlement costs by the holder.]

[**Coupon Deferral:** If a coupon deferral event occurs investors in the Notes may not receive the full coupon due on the Notes, will not receive any compensation for any delayed receipt of the coupon (or any part thereof), and may never receive the coupon where the coupon continues to be deferred up to the maturity of the Notes.]

[**Tax**: Noteholders will be liable for and/or subject to any taxes, including withholding tax, payable in respect of the Notes.]

[**Key risks specific to [Inflation Linked Notes**][**Combined Underlying Linked Notes**]

[**Volatility of inflation rates**: The redemption amount of the Notes payable at scheduled maturity and/or the amount of interest payable in relation to the Notes is determined by reference to levels of, or movements in, a specified inflation index specified in the Final Terms during the period specified therein. Inflation rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in inflation rates resulting in a decrease in the value of interest payments and/or the principal payable on the Notes at maturity. As a consequence the market value of the Notes may also fall.]

Inflation rates: Investors should be aware that the adjustment to interest and/or principal to account for inflation may be different had a different reference month been specified and may not reflect the inflation rate that is applicable to the investor's assets and liabilities.

[**Key risks specific to Secured Notes**]

[**Security may not be sufficient to meet all payments**: Any net proceeds realised upon enforcement of any security granted by the Issuer over a pool of collateral ("**Collateral Pool**") will be applied in or towards satisfaction of the claims of, among others, the security trustee and any appointee and/or receiver appointed by the trustee in respect of the Secured Notes before the claims of the holders of the relevant Secured Notes. Since the net enforcement proceeds may not be sufficient to meet all payments in respect of the Secured Notes, investors may suffer a loss on their investment.]

[**Collateral Pool may secure more than one series of secured Notes**: A Collateral Pool may secure the Issuer's obligations with respect to more than one series of Secured Notes and an event of default under the Notes with respect to any one series of Secured Notes secured by such Collateral Pool may trigger the early redemption of all other series that are secured by the same Collateral Pool in order for the security over the entire Collateral Pool to be enforced. Such cross-default may, among other things, result in losses being incurred by holders of the Secured Notes which would not otherwise have arisen.]

[**Substitution of Posted Collateral**: Collateral posted as security for the Issuer's obligations under the Notes may, at the Issuer's request, be substituted for other items of collateral "**Eligible Collateral**" provided that on the date of transfer the value of the new collateral is equal to or exceeds the value of the original collateral. Any such substitution request is subject to (a) verification by the entity appointed as the verification agent (the "**Verification Agent**") that the new item of collateral is Eligible Collateral; and (b) approval by the Trustee. However, neither the Verification Agent nor the Trustee is obliged to confirm that the value of the new item of Eligible Collateral is equal to or exceeds the value of the original item of posted collateral. Following any such substitution, the market value of the new item of Eligible Collateral may fall below the value of the original item of posted collateral, and the net proceeds realised upon enforcement of the relevant Collateral Pool may therefore be less than if no such substitution had been made.]

[**Partial Collateralisation –** The Notes are partially rather than fully secured. As [•] per cent. of the Notes are secured this means that the remaining [•] per cent. of the Notes are exposed to the risk of insolvency of the Issuer. If the Issuer became insolvent, an investor's return on the unsecured portion of the Notes may be substantially reduced and may be reduced to zero.]

[Key risks specific to Credit Linked Notes]

[[**Credit Linkage**: The Notes are linked to the credit of the Reference Entit[y][ies]. If [[a][the] Reference Entity becomes subject to a [CDS Event][Credit Event]][a specified percentage of the Reference Entities are subject to a [CDS Event][Credit Event]] then the redemption price which would otherwise be payable in respect of the [portion of the Note linked to such Reference Entity (the "**Relevant Portion**")][the Credit Linked Portion of the Note] will be reduced in accordance with the Recovery Rate]. There is a risk that an investor in the Credit Linked Notes may receive considerably less than the amount paid by such investor, [regardless of any positive performance in the Underlying.] If [one][or more][a specified percentage] of the Reference Entities become subject to a [Credit Event][CDS Event] there is a risk that an investor's return on the [Relevant Portion][Credit Linked Portion] [may/will] be reduced, and may be zero].

[[**Credit Linkage – Parallel Credit Linkage Provisions]**: In addition to being linked to the credit of the Reference Entities, the Notes are also linked to the credit of the [•] (the "**Parallel Credit Reference Entity**"). If the Parallel Credit Reference Entity is subject to a CDS Event, then the redemption price which would otherwise be payable in respect of the Credit Linked Portion of the Notes will be reduced in accordance with the Recovery Rate determined in respect of the Parallel Credit Reference Entity. If the Parallel Credit Reference Entity is subject to a CDS Event, there is a risk that an investor's return on the Credit Linked Portion [may/will] be reduced, and may be zero].

[**Postponement in payment of Final Redemption Amount – [ISDA][Simplified] Credit Linkage:** Each Note will be settled on its scheduled maturity date except that, if the Recovery Rate cannot be determined by the Calculation Agent by the scheduled maturity date, payment of the Final Redemption Amount in respect of such Note may be delayed and may fall after the Note's scheduled maturity date. Payment of the Final Redemption Amount may be delayed [by up to 60 calendar days plus five business days][until such time as the Recovery Rate can be determined].

[**Cessation of accrual of Interest - [ISDA][Simplified] Credit Linkage:** Interest on the [Relevant][Credit Linked] Portion of the Notes shall cease to accrue from (but excluding) the Interest Accrual Cessation Date, being [the Interest Payment Date immediately preceding the [Credit Event Notice Date] or, in the case of a [Credit Event Notice Date] occurring during the

		first Interest Period, the Interest Commencement Date][the date on which the Credit Event occurred (as specified in the Credit Event Notice)] [the Interest Payment Date immediately preceding the Event Determination Date or, in the case of a Event Determination Date occurring during the first Interest Period, the Interest Commencement Date][the date specified in the CDS Event Notice as the date on which the Credit Event triggering the relevant Event Determination Date (each term as defined in the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc.). Cessation of accrual of interest means an investor in these Notes may receive a lower return.] [**General Recovery Rate in [Single Name][Basket][Index] CLNs – Simplified Credit Linkage**: The redemption price payable on the [Relevant Portion][Credit Linked Portion][the Notes] of the Notes following the occurrence of a Credit Event in respect of a Reference Entity will be determined by reference to the recovery rate for such Reference Entity/Entities, determined by reference to an auction coordinated by ISDA in respect of certain obligations of the Reference Entity/Entities or, in certain circumstances, including if such an auction is not held, a market price as determined by the Calculation Agent (the "**Recovery Rate**"). There is a risk that the return payable to an investor in a Credit Linked Note may be different from the return that investors would have received had they been holding a particular debt instrument issued by the Reference Entity/Entities.] **[General Recovery Rate in [Single Name][Basket][Index] CLNs – ISDA Credit Linkage**: The redemption price payable on the [Relevant Portion][Credit Linked Portion][the Notes] of the Notes following the occurrence of a CDS Event in respect of a Reference Entity will be determined by reference to an auction price for the unsecured, [subordinated/unsubordinated] debt obligations of the applicable Reference Entity as determined by the ISDA Determination Committee or the market value of such obligation(s) ("**Recovery Rate**"). There is a risk that the return payable to an investor in a Credit Linked Notes may be different from the return that investors would have received had they been holding a particular debt instrument issued by the Reference Entity.] [**Specific Recovery Rate in [Single Name][Basket][Index] CLNs – ISDA Credit Linkage**: The redemption price payable on the [Relevant Portion][Credit Linked Portion][the Notes] of the Notes following the occurrence of a CDS Event in respect of a Reference Entity will be determined by reference to the market value of specific reference obligation(s) of the Reference Entity ("**Recovery Rate**"). There is a risk that the return payable to an investor in a Credit Linked Notes may be different from the return that investors would have received had they been holding that debt instrument or another debt instrument issued by the specified Reference Entity.] [**Fixed Recovery Rate in [Single Name][Basket][Index] CLNs – [Simplified/ISDA Credit Linkage] -** The redemption price payable on the [Relevant Portion][Credit Linked Portion][the Notes] following the occurrence of a [[Credit Event][CDS Event] in respect of the Reference Entity will be a fixed recovery percentage. [**Zero Recovery Rate in [Single Name][Basket][Index][Tranched] CLNs – [Simplified/ISDA Credit Linkage] -** The redemption price payable on the [Relevant Portion][Credit Linked Portion][the Notes] following the occurrence of a [[Credit Event][CDS Event] in respect of the Reference Entity [after the occurrence of a Tranched CLN Trigger Event] will be will be zero. **[Fixed CLN Percentage applicable to Tranched CLNs –** As Fixed CLN Percentage is specified to be applicable to the Notes, a fixed percentage of the Credit Linked Portion will be at risk in relation to any [CDS][Credit] Event occurring after a Tranched CLN Trigger Event (rather than any particular portion of the Credit Linked Portion being assigned to the Reference Entities). In some circumstances this may mean that the whole of the Credit Linked Portion may be at risk even if only some (and not all) of the Reference Entities in relation to the Notes become subject to a [Credit Event][CDS Event]. [**Recovery Rate Gearing – ISDA Credit Linkage:** The Recovery Rate is subject to gearing. The Recovery Rate will be reduced by a gearing percentage of [•] per cent. (subject to a floor of zero). There is a risk that the return that an investor will receive may be substantially reduced or reduced to zero.]

Section E – Offer		
E.2b	**Reasons for the Offer and Use of Proceeds:**	The net proceeds from each issue of Notes will, unless specified in the applicable Final Terms, be used by the Issuer for general corporate purposes, which includes making a profit and/or hedging certain risks. If, in respect of any particular issue of Notes which are derivative securities for the purpose of Article 15 of the Commission Regulation No 809/2004 implementing the Prospectus Directive, there is another particular identified use of proceeds (other than making profit, hedging certain risks and/or general corporate purposes), this will be stated in the applicable Final Terms. [Not Applicable. The use of proceeds is to make a profit and/or hedge risks.] [Reasons for the offer and use of Proceeds: [●]]
E.3	**Terms and Conditions of the Offer:**	[Not applicable.] [The Notes will be offered to retail investors in [•]. (i) **Offer Price**. [the Offer price for the Notes is [•] per cent.] (ii) **Offer Period**: The offer period for the Notes will commence on [•] and end on [•]. (iii) **Conditions to which the offer is subject**: [•]. (v) **Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants**: [•]. (vi) **Details of the minimum and/or maximum amount of application**: [•]. (vii) **Details of the method and time limits for paying up and delivering the Notes**: [•]. (viii) **Manner in and date on which results of the offer are to be made public**: [The final size will be known (at the end of the Offer Period) / [•]. A copy of the Final Terms will be filed with the Financial Conduct Authority in the UK (the "**FCA**"). On or before the Issue Date, a notice pursuant to UK Prospectus Rule 2.3.2(2) of the final aggregate principal amount of the Notes will be (i) filed with the FCA and (ii) published in accordance with the method of publication set out in Prospectus Rule 3.2.4(2).] [•] (ix) **Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised**: [•]. (x) **Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made**: [•]. (xi) **Amount of any expenses and taxes specifically charged to the subscriber or purchaser**: [•]. (xii) **Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place**: [•].]
E.4	**Interests Material to the Issue:**	The Issuer may be the Calculation Agent responsible for making determinations and calculations in connection with the Notes and may also be the valuation agent in connection with the reference asset(s). Such determinations and calculations will determine the amounts that are required to be paid by the Issuer to holders of the Notes. Accordingly when the Issuer acts as Calculation Agent, or Valuation Agent its duties as agent (in the interest of holders of the Notes) may conflict with the interest as issuer of the Notes.
E.7	**Estimated Expenses:**	Not applicable. Expenses in respect of the offer or listing of the Notes are not charged by the Issuer or Dealers to the Investor.

RISK FACTORS

Guidance on this Risk Factors section

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, together with all other information contained in this Base Prospectus.

This Risk Factors section contains information about the risks involved in an investment in any Notes issued under the Programme, which the Issuer considers to be the principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and/or risk factors that are material for the purposes of assessing the market risk associated with the Notes. This section is divided into a number of sub-sections, details of which are set out in the table below.

Name of sub - section	*Page*	*Applicable to*	*Explanation*
1) Risks related to the Issuer	26	All Notes	This sub-section will be relevant for all issues of Notes, as it details the risk factors which the Issuer deems to be material in respect of itself as issuer of Notes and its ability to perform the obligations owed to holders of any Notes.
2) Risks related to all Notes	26	All Notes	This sub-section describes certain risks which may apply to all Notes, such as conflicts of interest and optional early termination.
3) Risks related to the Underlying	27	All Notes that are linked to an Underlying	This sub-section describes how risks related to the Underlying affect the return on the Notes.
4) Risks related to specific features of Notes	34	Certain Notes (with specific features)	This sub-section describes how risks related to the Underlying affect the return on Notes with specified features.
5) Risks related to Equity Linked/Index Linked/Dual Underlying Linked Notes	45	Equity Linked/Index Linked/Dual Underlying Linked Notes only	This sub-section will be relevant for issues of Notes which are linked to an underlying share (including an ETF share), basket of shares (including a basket of ETF shares), index or basket of indices, or a combination of such underlyings.
6) Risks related to Inflation Linked Notes	46	Inflation Linked Notes only	This sub-section will be relevant for issues of Notes which are linked to an inflation-linked index.
7) Risks related to Combined Underlying	46	Combined Underlying Linked Notes only	This sub-section will be relevant for issues of Notes which are linked to both an

Name of sub - section	*Page*	*Applicable to*	*Explanation*
Linked Notes			inflation-linked index and underlying share (including an ETF share), basket of shares (including a basket of ETF shares), index or basket of indices.
8) Risks related to Secured Notes	46	Secured Notes	This sub-section will be relevant for all issues of Notes which are secured by collateral and other forms of security.
9) Risks related to Credit Linked Notes	50	Credit Linked Notes	This sub-section will be relevant for all issues of Notes which have a credit linkage feature.
10) Risks related to the market generally	59	All Notes	This sub-section will be relevant for all issues of Notes, as it details the risk factors which the Issuer deems to be material in respect of the market in which the Notes are issued and traded.
11) Risks associated with certain other miscellaneous features and terms of the Notes, including settlement, discretions, Issuer substitution and amendments, amongst others	61	All Notes	This sub-section will be relevant for all issues of Notes, as it details the risk factors which the Issuer deems to be material in respect of the discretion of the Trustee.
12) Risks related to the legal framework of the Notes	62	All Notes	This sub-section will be relevant for all issues of Notes, as it details the risk factors which the Issuer deems to be material in respect of legal framework of the Notes.

Prospective investors should note that the risks relating to the Issuer, the industry in which it operates and the Notes summarised in the section of this Base Prospectus headed "*Summary*" are the risks that the Issuer believes to be those risks which are key to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Notes are subject to and which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "*Summary*" (and set out in more detail below) but also, among other things, the other risks and uncertainties described below.

The list of risks which follows below is not intended to be an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Notes that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a

material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer, the value of the security or index underlying the Notes or the Notes themselves, and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances. In relation to Public Offers of the Notes, the Notes are designed for investors who are or have access to a suitably qualified independent financial adviser or who have engaged a suitably qualified discretionary investment manager, in order to understand the characteristics and risks associated with structured financial products.

Unless specified otherwise, words and expressions defined in the general conditions (the "**Conditions**"), the terms relating to Equity Linked/Index Linked/Dual Underlying Linked Notes or Inflation Linked Notes (the "**Terms**") or the additional terms relating to Secured Notes or Credit Linked Notes (the "**Additional Terms**") have the same meanings in this section.

1. **Risks related to the Issuer**

Risks relating to the Issuer's ability to fulfil its obligations with respect to the Notes can be found on pages 1 to 17 of the registration document dated 19 July 2017 (the "**Registration Document**") in the section headed "***Risk Factors***" which has been incorporated by reference on page 65 of this Base Prospectus. In particular, investors should be aware that payments and return of initial investment in relation to the Notes will, together with the factors outlined below, depend on the solvency of the Issuer.

2. **Risks Related to all Notes**

(a) ***Financial Services Compensation Scheme***

The Notes are not deposits and they are not protected under the UK's Financial Services Compensation Scheme or any deposit protection insurance scheme. Therefore, if the Issuer becomes insolvent or defaults on its obligations, investors investing in the Notes in a worst case scenario could lose their initial investment.

(b) ***Conflicts of interest***

The Issuer and/or its affiliates may also purchase and sell the Underlying(s) (or components thereof) and/or debt obligations of the Reference Entities on a regular basis as part of their securities businesses. Any of these activities could potentially affect the level, price or value (as applicable) of the Underlying(s) and the debt obligations of such Reference Entities (as applicable) and, accordingly, the value of the Notes.

The Issuer and/or its affiliates may from time to time advise the issuers of or obligors in respect of specified debt obligations (the "**Reference Obligations**") to which the return on Credit Linked Notes is linked, an Underlying or any component of an Underlying and/or any Reference Entity regarding transactions to be entered into by them, or engage in transactions involving any Underlying and/or Reference Entity for their proprietary accounts and for other accounts under their management. Any such transactions may have a positive or negative effect on the price, value or level of such Underlying and/or the value of such Reference Entity's debt obligations generally and therefore on the value of the Notes.

In addition, the Issuer may be the Calculation Agent responsible for making determinations and calculations in connection with the Notes. Accordingly, certain **conflicts of interest may arise between the interests of the Issuer and the interests of holders of Notes.**

Investors are subject to the risk that such conflicts of interest may cause the Issuer and/or its affiliates to make determinations and/or take or refrain from taking actions, with a consequential adverse effect on the value and/or amounts payable under the Notes.

(c) ***Hedging activities of the Issuer and affiliates***

The Issuer and/or its affiliates may carry out hedging activities related to the Notes, including purchasing the Underlying(s) (or components thereof) and/or debt obligations of a financial institution or corporation listed on a regulated exchange or a sovereign to which the Note is Credit Linked (as further discussed below in paragraph 9) (*Risks in relation to Credit Linked Notes*)) (each a "**Reference Entity**"), but will not be obliged to do so. Any of these activities could potentially affect the level, price or value (as applicable) of the Underlying(s) and/or the debt obligations of the Reference Entity (as applicable) and, accordingly, the value of the Notes. In addition, the disruption of such hedging arrangements or material increase in cost of such hedging arrangements may lead to an early redemption of the Notes. **Accordingly, investors may receive a lower return than they would have done had they invested in a product whose issuer did not engage in similar hedging activities.**

(d) ***Risk of early redemption***

Notes may be mandatorily redeemed prior to their scheduled maturity date for a number of reasons, such as taxation events, or following an event of default specified in the Conditions. **Early redemption may result in investors receiving a lower return on investment and in some circumstances may result in a loss of part or all of their initial investment.** Prospective investors should consider reinvestment risk in light of other investments available at that time. Investors should take particular note of the following circumstances resulting in early redemption:

(i) *Early redemption upon Hedging Event*

The Issuer will be entitled to redeem the Notes in whole but not in part upon the occurrence of any event or circumstance that would make it impossible or impracticable for the Issuer or any counterparty of the Issuer to enter or maintain any hedging arrangement that the Issuer deems necessary in respect of the Notes, or that increases the cost to the Issuer or such counterparty (as compared to the cost at the Issue Date) of entering into or maintaining such hedging arrangement such event being a "**Hedging Event**"). A Hedging Event (and the related early redemption right of the Issuer) could arise due to any reason, including but not limited to, any change in applicable law or regulation.

(ii) *Early redemption upon Illegality Event*

The Issuer will be entitled to redeem the Notes in whole but not in part upon the occurrence of any Illegality Event, i.e. event or circumstance that would make it unlawful or impracticable for the Issuer to enter or maintain a Series of Notes, or that increases the cost to the Issuer (as compared to the cost at the Issue Date) of entering into or maintain such Series of Notes, in each case, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power.

3. Risks related to the Underlying

Certain Notes issued under the programme are linked to the value of one or more underlying assets ("**Underlying Linked Notes**"). The price at which a holder may be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the initial investment, based upon one or more of the factors described below.

The factors that will affect the trading value and return at maturity of the Notes interrelate in complex ways (for example, one factor may offset an increase in the trading value of the Notes caused by another factor). Factors that may impact the value of the Notes, assuming other conditions remain constant, include:

(a) ***Risk factors affecting the value of and return on the Notes***

(i) *Value of the Underlying*

The redemption amount of and return of an Equity Linked Note, and accordingly its value will depend on the performance of a single share (which may be a share in an exchange traded fund (an "**ETF**" share)) or a basket of such shares, the redemption amount of and return of an Index Linked Note, and accordingly its value, will depend on the performance of a single index or basket of indexes and the redemption amount of, and the return of an Inflation Linked Note, and accordingly its value, will depend on the performance of a rate of inflation or other rate-dependent variable, such share, index or inflation based underlying asset being the "**Underlying**" to which the Note is linked. The redemption amount of and return of a Dual Underlying Linked Note, and accordingly its value, will depend on the performance of two underlying assets (being any combination of indices, shares, baskets of indices or baskets of shares) and the redemption amount of and return of a Combined Underlying Linked Note, and accordingly its value, will depend on the performance of two underlying assets (being a rate-dependent variable and any one of an index, a share (which may be an ETF share)), a basket of indices or a basket of shares (which may be ETF shares)); one of these underlying assets will be specified as the "**Return Underlying**" and the other will be specified as the "**Risk Underlying**", the Risk Underlying and the Return Underlying being the "**Underlyings**" the which the Note is Linked.

Therefore, any reduction in the "**level**" (in respect of an index, basket of indices or inflation-linked variable), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or both of the Underlyings) can be expected to result in a corresponding reduction in the redemption amount and trading value of the Note. Accordingly, and since the Notes may not be capital protected, it is possible that **the return on a Note and value at any time may be considerably less than the amount paid by the investor for such Note and may even be zero.**

(ii) *Fluctuations in the Underlying*

The level, price or value (as applicable) of the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or both of the Underlyings) may change during the term of the Notes. The frequency and amount of any changes in the level, price or value (as applicable) of the Underlying(s) cannot be predicted and may be caused by various factors including political or economic developments. Therefore, the value of the Notes during the term of the Notes and may be subject to fluctuation as a result of the fluctuation (or expectations of fluctuation) in the level, price or value (as applicable) of the Underlying(s).

Accordingly, the value of a Note prior to maturity and the return on a Note may be lower and less predictable than would be received or expected when investing in a conventional debt instrument.

Investors who require a certain or a predefined return should consider carefully before investing in any Notes.

(iii) *Volatility of the Underlying(s)*

If the size or frequency of market fluctuations in the level, price or value (as applicable) of the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or both of the Underlyings) increases or decreases, the value of the Notes may be affected. Where an

Underlying is an index, the volatility of such index will affect the value of the Notes.

Inflation rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in inflation rates resulting in a decrease in the value of interest payments and/or the principal payable on the Notes at maturity. As a consequence the market value of the Notes may also fall.

Accordingly, the value of and return on the Notes may be less predictable than the return on a product which is unaffected by market fluctuations.

(iv) *Past performance*

Prospective investors should understand that the **historical performance of the Underlying(s) or any component of the Underlying(s) is not predictive of future results**. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning any company whose shares comprise an Underlying could affect the trading price of the Notes.

(v) *Interest rates*

The value of the Notes may, in addition to being affected by the level, price or value (as applicable) of the Underlying(s), be indirectly affected by changes in interest rates. Depending on the Underlying(s) and the formula for calculating the redemption price of the Notes, changes in interest rates may increase or decrease the value of the Notes (but not necessarily in the same or proportionate amount). Changes in interest rates may also affect the economy of a country in which the components of an Underlying are traded and thus indirectly affect the value of the Notes. **Accordingly, investors in the Notes may suffer a loss on their investment or forgo substantial returns as a result of interest rate fluctuations. Therefore, an investment in the Notes may entail greater risks than an investment in a product where the return is only affected by the value of an underlying.**

The market value of any Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. **Accordingly, investors in any Notes issued at a discount or premium are exposed to interest rate volatility and may suffer a greater loss on their investment than investors in interest-bearing debt securities.**

(vi) *Time remaining to maturity*

The Notes may trade at a value above that which would be expected based on interest rates and the level, price or value (as applicable) of the Underlying(s). Any such difference will reflect a "time premium" resulting from expectations concerning the Underlying(s) during the period prior to the stated maturity of the Notes. As the time remaining to the stated maturity of the Notes decreases, this time premium may decrease, which in turn may adversely affect the value of the Notes. **Accordingly, investors selling any Notes at a date close to maturity may suffer a loss on their investment depending on expectations concerning the Underlying(s) prevailing at the time.**

(vii) *Non-linear relationship of Notes to Underlying*

A change in the level, price or value (as applicable) of the Underlying(s) may not result in a comparable or proportionate change in the value of the Notes due to fluctuating supply and demand for the Notes or the use of leverage factors, caps, floors, thresholds and barriers (or any combination of these features) in

provisions governing the calculation of the return on the Notes. If leverage factors, caps, floors, barrier amounts or thresholds are used in the formula for calculating the return on the Notes, **investors may forgo returns or suffer losses that are relatively large or relatively small compared to a movement in the level, price or value (as applicable) of the Underlying(s)**.

Investors should not invest in any Notes before fully understanding how the value of the Notes is linked to the level, price or value (as applicable) of the Underlying(s).

(viii) *Currency fluctuations*

Currency fluctuations may affect the level, price or value (as applicable) of the Underlying(s) in complex ways. If the level, price or value (as applicable) of the Underlying(s) (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or both of the Underlyings) is denominated in a currency that is different from the currency of the Notes, investors in the Notes may be subject to increased foreign exchange risk. If such currency fluctuations cause the level, price or value (as applicable) of the Underlying(s) to decrease, the value of the Notes may fall. **Accordingly, an investor in the Notes may suffer a greater loss on his/her investment than an investor in a product which is linked to an underlying that is denominated in the same currency.**

Foreign exchange rates are unpredictable and may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, the balance of payments between countries, the extent of any governmental surplus or deficit and the monetary, fiscal and/or trade policies pursued by the governments of the relevant currencies. Previous foreign exchange rates are not necessarily indicative of future foreign exchange rates. **Accordingly, investors may be unable to predict and adequately hedge against the risk posted by currency fluctuations, causing an investment in the Notes to result in an overall loss to the investor.**

(b) ***Hedging risk***

As a result of the non-linear relationship of the Notes to the Underlying(s) (as described above) the Notes may not be suitable for hedging against the market risk associated with investing in any securities or indices.

Prospective investors intending to acquire Notes to hedge against such risk should recognise the complexities of using Notes in this manner.

(c) ***No Ownership Rights***

An investment in the Notes is not the same as an investment in the Underlying(s) (or any component of the Underlying(s)) and does not confer any legal or beneficial interest in any Underlying (or any component of the Underlying) (or, in relation to Credit Linked Notes (as defined below), any Reference Entit(y/ies)) or any voting rights, rights to receive dividends or other rights that an owner or a holder of any Underlying (or any component of the Underlying) (or, in relation to Credit Linked Notes (as defined below), any Reference Entit(y/ies)) would have. Accordingly, **an investor in the Notes may not benefit from the same rights as a person investing directly in the Underlying(s)** (or, in relation to Credit Linked Notes (as defined below), **any Reference Entit(y/ies)**) (i.e. a purchaser of shares or securities forming part of an underlying share, basket of shares or component of an index or any financial institution(s) or corporation(s) listed on a regulated exchange or Sovereign(s) named as a Reference Entity)).

The Notes are unsubordinated and (other than Secured Notes) unsecured obligations of the Issuer. Save when the Underlying(s) or debt obligations of the Reference Entity forms part of the collateral in respect of Secured Notes, no security has been taken in respect of the Underlying. **Accordingly, investors in the Notes have less protection in**

the event of the insolvency of the Issuer than investors in a product which is secured on certain assets or other security.

(d) ***Information risk***

The share(s) constituting the Underlying (i.e. where the Underlying is a share or basket of shares) or a component of the Underlying (i.e. where the Underlying is an index or basket of indices) are listed on a regulated exchange. Accordingly, information is available in the public domain regarding the company(y/ies) whose shares comprise the Underlying. In addition, where the Underlying is an index or basket of indices, information is available in the public domain regarding the Underlying itself. The Final Terms for each issue of Notes will also provide an indication of where information about the past and the ongoing performance of the Underlying (or components thereof) can be obtained. However the Issuer has made no investigation regarding such company(y/ies) and this Base Prospectus contains no information regarding such company(y/ies) except for such information which will be included in the Final Terms.

In addition, no company whose shares constitute or comprise the Underlying, nor any sponsor of any index constituting or comprising the Underlying, has participated in the preparation of this Base Prospectus or any Final Terms. Accordingly, there can be no assurance that all material events regarding the Underlying occurring prior to the relevant issue date of the Notes that would affect the level, price or value (as applicable) of such Underlying have been disclosed in this Base Prospectus. Subsequent disclosure of any such events or the failure to disclose material events concerning the Underlying could affect the trading price and final redemption amount payable on the Notes.

Prospective investors in the Notes should obtain and evaluate information concerning the Underlying or the components of the Underlying as they would if they were investing directly in the Underlying and/or the components of the Underlying. However, this information is not relevant to enable investors to make an informed assessment of the rights attaching to the Notes.

In addition, prospective investors should understand that the **historical performance of the Underlying or any component of the Underlying is not predictive of future results**.

(e) ***Index disclaimer risk – Notes with one or more underlyings which is an Index or a Basket of Indices***

The Notes are not sponsored, endorsed, sold or promoted by any index to which they are linked or any sponsor of such index and such index sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of any index and/or the levels at which such index stands at any particular time on any particular date or otherwise. No index sponsor shall be liable (whether in negligence or otherwise) to any person for any error in any index and an index sponsor is under no obligation to advise any person of any error within an index. An index sponsor has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes.

Neither the Issuer nor the Calculation Agent shall have any liability to any person for any act or failure to act by an index sponsor in connection with the calculation, adjustment or maintenance of an index.

Neither the Issuer nor the Calculation Agent has any affiliation with or control over any index or index sponsor or any control over the computation, composition or dissemination of any index. Without prejudice to the Issuer's responsibility statement (as specified in the applicable Final Terms) for third party information contained in this Base Prospectus, although the Issuer and the Calculation Agent will obtain information concerning an index to which the Notes are linked from publicly available sources they believe to be reliable, they will not independently verify this information. **Accordingly, an investor in the Notes will have no recourse against the sponsor of any index**

comprising the Underlying (or, in respect of Dual Underlying Linked Notes or the Combined Underlying Linked Notes, either of the Underlyings), the Issuer or the Calculation Agent in relation to any event or facts relating to the index resulting in a decrease in the value of such index and/or the value of the Notes and/or a loss in the investment.

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

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

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

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

In February 2016, IOSCO published its second review of the implementation of the IOSCO Benchmark Principles by administrators of EURIBOR, LIBOR and the Tokyo Inter-Bank Offer Rate ("**TIBOR**"). The second review noted that the administrators of LIBOR, EURIBOR and TIBOR had been proactively engaged in addressing the issues raised in the first review. Nevertheless, the second review set out recommendations for each administrator in order to strengthen the implementation of the IOSCO Benchmark Principles and proposed that relevant national authorities monitor the progress made by the three administrators in order to implement those recommendations.

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

The scope of the Benchmarks Regulation is wide and, in addition to so-called "critical benchmarks" such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (including securities or OTC derivatives traded on an EU regulated

market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or via a "systematic internaliser"), certain financial contracts and investment funds. Different types and categories of "benchmark" are subject to more or less stringent requirements, and in particular a lighter touch regime may apply where a "benchmark" is not based on interest rates or commodities and the value of financial instruments, financial contracts or investment funds referring to a benchmark is less than €50bn, subject to further conditions.

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

(i) a rate or index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation/registration or is not able to rely on one of the regimes available to non-EU benchmarks. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed or otherwise impacted; and

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

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

(g) ***Risks relating to shares in exchange traded funds ("ETFs") - Notes with one or more underlyings which is a single ETF Share or a Basket of ETF Shares***

An investment in Equity Linked Notes that are linked to ETF shares will entail significant risks not associated with an investment in a conventional debt security. Whilst interests in ETFs are traded on an exchange and are therefore valued in a similar manner as a share traded on an exchange, certain provisions related to Equity Linked Notes that are linked to ETF shares are similar to the provisions related to funds.

(i) *Where the Underlying is an exchange traded fund, there is a risk that such exchange traded fund will not accurately track its underlying share or index*

Where the Notes are linked to an ETF share and the investment objective of such ETF is to track the performance of a share or an index, the investors of such Notes are exposed to the performance of such ETF share rather than the underlying share or index such ETF share tracks. For certain reasons, including to comply with certain tax and regulatory constraints, an ETF may not be able to track or replicate the constituent securities of the underlying share or index, which could give rise to a difference between the performance of the underlying share or index and such ETF share. Accordingly, investors who purchase Notes that are linked to an ETF share may receive a lower return than if such investors had invested in the share or the index underlying such ETF share directly.

(ii) *Action or non-performance by the management company, ETF administrator, ETF service provider or sponsor of an exchange traded fund may adversely affect the Notes*

The management company, ETF Administrator, ETF Service Provider or sponsor of an ETF will have no involvement in the offer and sale of the Notes and will have no obligation to any purchaser of such Notes. The management company, ETF Administrator, ETF Service Provider or sponsor of an ETF may take any actions in respect of such ETF without regard to the interests of the purchasers of the Notes, and any of these actions could adversely affect the market value of the Notes. In its day-to-day operations and its investment strategy, an ETF will rely on the ETF Adviser, the investment adviser, the management company and/or on third parties providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments used by such ETF to employ its investment strategy. The insolvency or non-performance of services of any such persons or institutions may expose an ETF to financial loss. Failure of procedures or systems, as well as human error or external events associated with an ETF's management and/or administration may cause losses to an ETF and affect the market value of the Notes.

(iii) *ETFs are not actively managed*

An ETF is not actively managed and may be affected by general movements in market segments related to the index or other asset it is tracking. An ETF invests in instruments included in, or that are representative of, the index or other asset it is tracking regardless of their investment merits.

(iv) *ETFs may engage in securities lending*

Securities lending involves the risk that the ETF may lose money because the borrower of the ETF's loaned securities fails to return the securities in a timely manner or at all.

(v) *ETFs are subject to market trading risks*

An ETF faces numerous market trading risks, including but not limited to the potential lack of an active market for its shares, losses from trading in secondary markets, periods of high volatility, limited liquidity and disruption in the creation or redemption process of such ETF share. If any of these risks materialises, this may lead to the ETF shares trading at a premium or discount to the net asset value.

(vi) *Investors should investigate the underlying ETF share(s) as if investing directly*

To the extent the Underlying(s) in relation to a series of Notes includes an ETF share or a basket of ETF shares, investors should conduct their own diligence of the underlying exchange traded fund(s) as they would if they were directly investing in the underlying exchange traded fund(s). The offering of the Notes does not constitute a recommendation by the Issuer or any of its affiliates with respect to an investment linked to an underlying exchange traded fund (including in respect of ETFs that are managed by managers affiliated with the Issuer). Investors should not conclude that the sale by the Issuers of the Notes is any form of investment recommendation by the Issuers or any of their affiliates to invest in the underlying exchange traded fund(s).

4. **Risks related to certain features of the Notes**

(a) ***Unsecured Notes***

Investors investing in unsecured Notes (including unsecured Notes which are specified in the applicable Final Terms as Notes "without Capital at Risk") are advised to carefully

evaluate the Issuer's credit risk when considering an investment in such Notes. If the Issuer became unable to pay amounts owed to the investor under the unsecured Notes, such investor does not have recourse to the Underlying(s) or any other security/collateral and, in a worst case scenario, investors **may not receive any payments under the Notes.**

(b) ***Measuring the performance of the Underlying***

(i) *Type of performance valuation specified*

The return of the Notes will depend on the movements in (and the calculation of) the level, price or value (as applicable) of the Underlying(s) over the term of the Notes. Such return may be affected by how the performance of the Underlying(s) is calculated, namely the times, dates and methods used for determining the level, price or value (as applicable) of the Underlying(s).

For example, in the case of Notes whose redemption price is linked to the level, price or value (as applicable) of the Underlying (or in the case of Dual Underlying Linked Notes or Combined Underlying Linked Notes, the Underlying specified as the "**Risk Underlying**") exceeding or falling below a specified level, price or value (as applicable) (i.e. a barrier breach), whether the occurrence of such breach is to be determined at a specific point in time (for example, where the Underlying (or Risk Underlying, as applicable) is an index, at the scheduled closing time of such index) or whether the occurrence of such breach is to be determined on an ongoing basis (for example, at any time during a specified period or as an average) could lead to greatly divergent valuations of the performance of the Underlying (or Risk Underlying, as applicable) and accordingly the return on the Notes.

Averaging

The Notes may have a return that is linked in whole or in part to the average level, price or value (as applicable) of the Underlying(s) over the entire term of the Notes or over another specified period. Alternatively, the return on the Notes may be dependent on whether the level, price or value (as applicable) of the Underlying (or in the case of Dual Underlying Linked Notes or Combined Underlying Linked Notes, the Underlying specified as the "**Risk Underlying**") has exceeded or fallen below a specified value or level (i.e. breached a specified barrier) on or prior to a specified date. Accordingly, if the Underlying (or, in respect of Dual Underlying Linked Notes, one or both of the Underlyings and in the case of Combined Underlying Linked Notes, the Risk Underlying) is experiencing a prolonged period of poor performance, the return on the Notes may be affected by such poor performance and investors may be unable to benefit from any single instance of improved performance and may therefore receive **a lower return than investors in a product where the return is calculated only by reference to the performance of an underlying on a specific date.**

Determination over a period of time

If the final level, price or value (as applicable) of the Underlying(s) is calculated over a period of time, rather than on a single date, investors will be exposed to the performance of the Underlying(s) on days other than the maturity date. **Accordingly, the return on the Notes may be lower if the Underlying is (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or both of the Underlyings are) experiencing a temporary period of poor performance.**

Determination on a single date

If the level, price or value (as applicable) of the Underlying(s) is calculated as of a specific date (rather than as an average of several dates), investors will have greater exposure to the volatility of the Underlying(s) in respect of the calculation of such level or value. **Accordingly, the return on the Notes may be lower if the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or both of the Underlyings) experiences a single atypical instance of poor performance or a single atypical instance of positive performance on such specific date than it would be if the performance of the Underlying was measured over several days.**

(ii) *Value of baskets*

Where the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or more of the Underlyings) is a basket of shares, an equity index or a basket of equity indices, the level of such Underlying may be affected by the number of companies represented in such basket or index. Generally, the value of a basket of shares or an equity index that includes shares from a number of companies which gives relatively equal weight to the shares of each of such companies will be less affected by changes in the value of any particular shares included therein than a basket of shares or an index that includes the shares of fewer companies or that gives greater weight to the shares of some of the companies included therein. In addition, if the shares included in a basket of shares or index are of companies in a particular industry sector, the value of such a basket or an index will be more affected by the economic, financial and other factors affecting that industry sector than if the basket comprised shares of companies in various industry sectors that are affected by different economic, financial or other factors or are affected by such factors in different ways. **Accordingly, the composition of a particular basket of shares or index may result in investors receiving a lower return on the Notes than would have been payable on a single share or a basket or index composed of different shares or having different weightings.**

(iii) *Capital Downside*

Where the applicable Final Terms specify "**Capital Downside**" to be applicable, at maturity the performance of the Underlying will be calculated in accordance with "upside" provisions and with the "downside" provisions, which may provide for different types of performance valuation and produce different results. Investors in Notes to which Capital Downside is applicable should read the risk factor set out in paragraph 4(d)(iv)(*Possibility of Loss of Investment – Underlying Linked Notes with Capital at Risk - Notes to which Capital Downside is applicable)* to ascertain how this may affect the return on the Notes.

(iv) *"Best of"/"Worst of" features in respect of baskets*

Where the applicable Final Terms specify that the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, one or more of the Underlyings) is a basket and that the "Best of" feature is applicable in relation to any determination of the performance of the Underlying, for the purposes of such determination, the value of the basket will depend on the level or price (as applicable) of the index or share that has shown the best performance (i.e. the greatest increase or smallest decrease in level or price from its initial level or price) in comparison to the other indices or shares comprising the basket over a specified period of time. Conversely, where the applicable Final Terms specify that the "Worst of" feature is applicable, in relation to any determination of the performance of the Underlying, for the purposes of such determination, the value of the basket will depend the level or price of the index

or share that has shown the worst performance (i.e. the smallest increase or greatest decrease in level or price from its initial level or price) in comparison to the other indices or shares comprising the basket over a specified period of time. As the best-performing index or share, or the worst-performing index or share, as applicable, of a basket are not representative of the performance of the basket as a whole, any calculations or determinations of value that involve the "Best of" or "Worst of" feature may produce results that are very different to those that take into account the performance of the basket as a whole.

Where the "Worst of" feature is applicable in respect of the determination of final performance of the Underlying in relation to Equity Linked Notes which are physically settled (as further discussed in paragraph 11(c) (*Settlement by way of physical delivery of the relevant Underlying (Equity Linked Notes only*)) below), investors will receive a number of the worst performing shares in the basket (plus a cash amount in place of any fractional amount of shares) only, rather than receiving a number of each of the shares contained in the basket (plus a cash amount in place of any fractional amount of shares), in proportion to the weighting of such share in the basket.

(c) ***Risks in relation to Interest***

(i) *Fixed Rate Notes and Zero Coupon Notes*

An investment in Fixed Rate Notes and Zero Coupon Notes exposes investors to the risk that **subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes and Zero Coupon Notes**.

(ii) *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes. **Accordingly, an investor in the Notes may receive a lower return that investors in similar notes which do not allow the relevant issuer to convert between the type of interest payable.**

(iii) *Coupon Deferral*

The Final Terms may specify that "Coupon Deferral" is applicable in relation to the Notes. For such Notes if a coupon deferral event occurs (the suspension, deferral, cessation of interest payment, or adjustment in the frequency of interest payments) in relation to a specified coupon reference obligation specified in the applicable Final Terms, the Issuer may defer or reduce the interest payments due under the Notes to the same extent of the deferral or reduction in the interest payments on the specified coupon reference obligation, for so long as the coupon deferral event is continuing.

In such circumstances Investors in such Notes may not receive the full coupon when due on the Notes, will not receive any compensation for any delayed receipt of the coupon (or any part thereof), and may never receive the coupon where the coupon continues to be deferred up to the maturity of the Notes.

(iv) *Interest Linked to the Underlying*

Phoenix Kick Out Notes and N-Barrier (Income) Notes

In respect of Phoenix Kick Out Notes with Capital at Risk and N-Barrier (Income) Notes with Capital at Risk, interest will become due respect of a specified period or date only where the level, price or value of the Underlying at the end of such period or on such date is greater than a specified threshold for such period or date. **In these circumstances, although investors will not experience a loss on their investment, the amount of any interest will depend upon the amount of the interest and the amount threshold(s) required to be reached in order for the interest to be payable, and thus investors may receive no upside return or a lower upside return than they could have received had they invested the initial investment in a similar product with a higher interest and/or lower interest amount threshold and/or shorter interest calculation periods or more interest calculation dates.**

Range Accrual Notes

In respect of Range Accrual Notes, interest will become due in respect of a specified period only where level, price or value of the Underlying is within a range specified for such period for one or more days during such period. Interest will be calculated based on the number of days in each period that the index level is within the specified range. **In these circumstances, although investors will not experience a loss on their investment, the amount of any interest return will depend upon the specified interest amount for the relevant period and the range within which the Underlying must fall in order for the interest to be payable, and thus investors may receive no upside return or a lower upside return than they could have received had they invested in a similar product with a higher interest and/or wider interest calculation range.**

Inflation Linked Notes

Inflation Linked Notes may be scheduled to provide either (a) a fixed rate adjusted to take account of inflation; or (b) inflation linked interest payments at regular intervals throughout the life of the Notes, as specified in the applicable Final Terms. In the case of (a) above (i.e. a fixed rate of interest adjusted to take account of inflation) the rate of interest payable on the Inflation Linked Notes will be linked to the change in the levels of the underlying inflation index between an initial reference month and a specified reference month in respect of the relevant interest payment date, such reference months to be set out in the applicable Final Terms. In the case of (b) above the rate of interest payable on the Inflation Linked Notes will be linked to the change in the levels of the underlying inflation index from one reference month to the next reference month, such reference months to be set out in the applicable Final Terms.

(v) *Capped Return*

Interest on Inflation (Interest only) Linked Notes without Capital at Risk, Combined Underlying Linked Notes and/or Floating Rate Notes may be capped. In these circumstances, the exposure to the upside performance of the Underlying or the floating rate of interest will be limited. **Accordingly, investors could forgo interest that could have been made had they invested in a product without a similar cap.**

(d) ***Risks in relation to redemption***

(i) *Notes subject to optional early redemption*

An optional early redemption feature in favour of the Issuer of Notes (an "**Issuer Call Option**") is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. Noteholders should note that **a call option creates uncertainty for investors, as to whether the Notes will remain outstanding until maturity**.

Accordingly, the return an investor in the Notes may expect to receive on a transfer of a Note during any such period may be lower than the return expected by an investor in products which cannot be voluntarily redeemed prior to maturity.

If the applicable Final Terms specifies that an Issuer Call Option or an optional redemption feature in favour of the Noteholders ("**Noteholder Put Option**") is applicable, then, upon exercise of such option, the relevant Notes will be redeemed at their Optional Redemption Amount which may be at par (plus any accrued interest) or at their fair market value or another amount, as specified in the applicable Final Terms.

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

(ii) *Underlying Linked Notes with Capital at Risk*

Notes which are not capital protected may be issued under the Programme (such Notes being expressed to have "capital at risk").

The value of such Notes prior to maturity depends on a number of factors including the performance of the applicable Underlying (or in respect of the Dual Underlying Linked Notes and Combined Underlying Linked Notes, the Underlyings). **A deterioration in the performance of the relevant Underlying(s) may result in a total or partial loss of the investor's investment in the Notes.**

As such Notes are not capital protected, there is no guarantee that the return on such a Note will be greater than or equal to the amount invested in the Notes initially or that an investor's initial investment will be returned. As a result of the performance of the relevant Underlying or Underlyings (as applicable), **an investor may lose all of their initial investment**.

Unlike an investor investing in a savings account or similar investment, where an investor may typically expect to receive a low return but suffer little or no loss of their initial investment, an investor investing in Notes which are not capital protected may expect to potentially receive a higher return but may also expect to potentially suffer a total or partial loss of their initial investment.

(iii) *Effect of Barrier Condition – Underlying Linked Notes with Capital at Risk*

The return on Equity Linked/Index Linked/Dual Underlying Linked Notes and Combined Underlying Linked Notes that have capital at risk may be dependent on whether or not a condition is satisfied in relation to the relevant Underlying (the "**Barrier Condition**").

If specified as applicable, the Barrier Condition will be a condition that the level, price or value of the Underlying (or, in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, the Underlying specified as the "**Risk Underlying**") either (i) on a particular valuation date, (ii) during a specified observation period or (iii) on specified observation dates (as specified in the applicable Final Terms) has not fallen below a barrier level specified in the applicable Final Terms.

If the relevant Barrier Condition is not satisfied investors may receive a return on the Notes linked to the downside performance of the relevant Underlying (as further described below in the paragraph entitled "*Possibility of Loss of Investment – Notes with Capital at Risk*"), and as a result investors may lose all of their initial investment.

A Barrier Condition that is determined not to have been satisfied by reference to the level, price or value of the Underlying on a particular valuation date, during an observation period, or on particular observation dates may have been satisfied had the determination been made by reference to the level, price or value (as applicable) on alternative valuation or observation dates or in relation to an alternative observation period. Accordingly, investors may lose some or all of their initial investment as a result of the Barrier Condition being determined for particular dates or periods rather than alternative dates or periods.

(iv) *Possibility of Loss of Investment – Underlying Linked Notes with Capital at Risk*

All Equity Linked/Index Linked/Dual Underlying Linked/Combined Underlying Linked Notes with Capital at Risk (except for Lock-in Call Notes with Capital at Risk)

In relation to all Equity Linked, Index Linked, Dual Underlying Linked or Combined Underlying Linked Notes which are expressed to have capital at risk (except for Lock-in Call Notes with Capital at Risk), if at maturity the level, price or value of the Underlying is (or in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes both indices are) less than a specified threshold and (if specified as applicable) the relevant Barrier Condition is not satisfied, the return on the Notes will be either:

A. where the Final Terms specify that "**Downside Return 1**" is applicable, be reduced in proportion (which proportion may be multiplied by a gearing percentage) with the decline of the Underlying (known as the "**downside**"). **In these circumstances, the return will be less than the initial investment and investors will suffer a reduction of their initial investment in proportion (or a proportion multiplied by a gearing percentage) with the decline of the level, price or value of the Underlying during a specified period or on a specified date. Accordingly investors will be fully exposed to the downside of the relevant Underlying and, as a result, may lose all of their initial investment**; or

B. where the Final Terms specify that "**Downside Return 2**" is applicable, an amount linked to the downside performance of the Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the upper strike and the lower strike respectively), and may be subject to gearing. **In these circumstances, the return will be less than the initial investment and investors will suffer a reduction of their initial investment in proportion (which proportion may be multiplied by a gearing percentage) with the decline of the level, price or value of the Underlying between the upper strike and the lower strike during a specified period or on a specified date. Accordingly investors will be exposed to a proportion of the downside of the relevant Underlying and, as a result, may lose all of their initial investment.**

Dual Underlying Linked Notes with Capital at Risk

In addition to the risk described above in relation to all Equity Linked, Index Linked, Dual Underlying Linked and Combined Underlying Linked Notes, capital may be at risk in relation to Dual Underlying Linked Notes, if at maturity the Underlying specified as the "**Return Underlying**" is above (or equal to) a specified return threshold but the Underlying specified as the "**Risk Underlying**" is below a specified return threshold and, if specified as applicable, the Barrier Condition is not satisfied. In these circumstances investors will receive their initial investment reduced by any decline of the Risk Underlying (as described above) plus an additional return based on the increase of the Return Underlying. **In these circumstances, the return may be less than the initial investment, and will be less than the return the investor would have received had they not been exposed to any downside of the Risk Underlying.**

Combined Underlying Linked Notes with Capital at Risk

In addition to the risk described above in relation to all Equity Linked, Index Linked, Dual Underlying Linked and Combined Underlying Linked Notes, capital may be at risk in relation to Combined Underlying Linked Notes, if at maturity the Underlying specified as the "**Return Underlying**" is above (or equal to) a specified return threshold but the Underlying specified as the "**Risk Underlying**" is below a specified return threshold and, if specified as applicable, the Barrier Condition is not satisfied. In these circumstances investors will receive their initial investment reduced by any decline of the Risk Underlying (as described above) plus an additional return based on the increase of the Return Underlying. **In these circumstances, the return may be less than the initial investment, and will be less than the return the investor would have received had they not been exposed to any downside of the Risk Underlying.**

Notes to which Capital Downside is applicable

In addition to the risk described above in relation to all Equity Linked, Index Linked, Dual Underlying Linked and Combined Underlying Linked Notes, capital may be at risk in relation to Kick Out Notes with Capital at Risk, Upside Notes with Capital at Risk or Geared Booster Notes with Capital at Risk which specify "**Capital Downside**" to be applicable if, at maturity, the performance of the Underlying as calculated in accordance with "upside" provisions is above a specified return threshold, but the performance of the index as calculated in accordance with the "downside" provisions is below a specified return threshold and the Barrier Condition, if specified as applicable, is not satisfied. In these circumstances investors will receive their initial investment reduced by any decline of the Underlying as calculated in accordance with the "downside provisions" plus an additional return based on the increase of the Underlying calculated in accordance with the "upside" provisions. **In these circumstances, the return may be less than the initial investment, and will be less than the return the investor would have received had the return been calculated solely by reference to the "upside" provisions.**

Inflation Linked Notes with Capital at Risk

In relation to Inflation Linked Notes which are expressed to have capital at risk, if at maturity (or on a particular instalment date, as applicable) the level of the inflation index is less than its initial level, the return on the Notes will be reduced in proportion with such decline (the "**downside**"). **In these circumstances, the return will be less than the initial investment and investors will suffer a reduction of their initial investment in proportion with the decline of the index level during a specified period or on a specified**

date. Accordingly investors will be fully exposed to the downside of the relevant index and, as a result, may lose all of their initial investment

(v) *Limits on Positive Return at maturity – All Underlying Linked Notes (except for Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk*)

The amount of positive return on all Underlying Linked Notes (except for Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk), payable in the event that at maturity the level of the relevant Underlying (or in respect of Dual Underlying Linked Notes or Combined Underlying Linked Upside Notes with Capital at Risk, the Underlying specified as the "**Return Underlying**") is greater than (or, where no Barrier Condition is specified, equal to) a certain specified level (the "**Return Threshold**"), will depend in part on the type of formula used to calculate the upside return specified in the Final Terms. The return on the Notes may either be based on:

(A) an amount equal, solely or in part (depending on the type of Underlying Linked Note), to a digital return, being the initial investment multiplied by a specified digital return percentage; or

(B) an amount equal, solely or in part (depending on the type of Underlying Linked Note), to the initial investment plus an amount based on the increase in the performance of the Underlying (known as the "**upside**").

Although investors will not experience a loss on their investment, they may forgo the returns they could have obtained had they invested in a product with a different formula applicable to any upside return. Furthermore, if the return is subject to a cap and/or a leverage factor less than 100 per cent. or a digital return, the investors' exposure to the positive performance of the relevant Underlying may be limited. Any upside return will be limited and may be lower than the upside investors could have been exposed to had they invested in a different type of product.

(vi) *Limits on Positive Return – Notes with a Kick-Out feature*

In relation to Kick Out Notes with Capital at Risk, Kick Out Notes without Capital at Risk, Phoenix Kick Out Notes with Capital at Risk or Dual Underlying Kick Out Notes, if the level of the relevant index (or in respect of Dual Underlying Linked Notes, the Return Underlying) is greater than a specified level on certain specified dates, the Notes will be automatically redeemed prior to maturity and the return on the Notes will be an amount equal to the initial investment multiplied by a specified percentage (always greater than 100 per cent.). **In these circumstances, although investors will not experience a loss on their investment, they may not benefit from the full upside that could be obtained at the time of maturity if they had invested the initial investment in a similar product without an automatic early redemption feature.**

(vii) *Limits on Positive Return - Capped Return – Underlying Linked Notes*

The exposure to the Underlying may be capped. In such circumstances, the exposure to the upside performance of the relevant Underlying (in respect of Dual Underlying Linked Notes or Combined Underlying Linked Notes, the Underlying specified as the "**Return Underlying**") will be limited. **Accordingly, investors could forgo returns could have been made had they invested in a product without a similar cap.**

(viii) *Limits on Positive Return - Strike Percentage may be more than 100 per cent. – Underlying Linked Notes*

Depending on the formulae for calculating the return on the Notes specified in the Final Terms, the Notes may have a "Strike Percentage" of more than 100 per cent. This means that investors may not be exposed to the full increase of the relevant Underlying from its initial level. **Accordingly, investors could forgo returns could have been made had they invested in a product without a similar feature.**

(ix) *Leverage / Gearing – Notes which include leverage in the return – Underlying Linked Notes*

Depending on the formulae for calculating the return on the Notes specified in the Final Terms, the Notes may have a leveraged exposure to the Underlying(s), in that the exposure of each Note to the Underlying(s) may be greater (or less) than the nominal amount of the Note. **Positive leveraged exposure results in the effect of small price movements being magnified and may lead to proportionally greater losses in the value of and return on the Notes as compared to an unleveraged exposure.**

If market conditions change, the value of the Notes will be more volatile than if there was no leverage.

In cases where the leverage factor employed is less than 100 per cent., investors will have a reduced exposure to the performance of the Underlying and may receive lower returns than if their exposure to the Underlying was at 100 per cent. or more.

(x) *Return Factor – Return of Initial Investment in relation to Upside Notes with Capital at Risk, Geared Booster Notes with Capital at Risk and Lock-In Call Notes with Capital at Risk*

Certain types of Equity Linked, Index Linked and Dual Underlying Linked Notes (namely Upside Notes without Capital at Risk, Upside Notes with Capital at Risk, Geared Booster Notes with Capital at Risk and Lock-In Call Notes with Capital at Risk) provide for a fixed "Return Factor" to be included in relation to any repayment of initial capital. Where such percentage is less than 100 per cent., the return of initial capital will be reduced. **In certain circumstances this may lead to investors suffering a reduction of their initial investment, and may lead to circumstances in which investors receive a lower payment if the Underlying performs positively rather than negatively.**

There is no minimum level at which the Return Factor may be set and consequently the Return Factor may be set at zero. Notes in relation to which the Return Factor is set at zero will not return any initial capital. **In these circumstances investors will only receive an upside payment (if any), and may not receive any return on their investment.**

(xi) *FX Factors – All Notes*

<u>All Interest and Redemption Amounts</u>

Interest amounts and/or redemption amounts (including any early redemption amounts and/or any Credit Event Redemption Amounts or CDS Event Redemption Amounts (as defined in Paragraph 9 (*Risks in relation to Credit Linked Notes*)) payable in relation to the Notes may be subject to an "FX Factor", being a multiplication factor based on any change in the exchange rate between two specified currencies over the life of the Note. Where such multiplication factor is less than 100 per cent., any such interest or redemption amount may be reduced. **In these circumstances, investors will receive a lower return and this may lead to investors suffering a reduction of their initial investment.**

Automatic Early Redemption Amounts - Kick Out Notes with Capital at Risk, Phoenix Kick Out Notes with Capital at Risk

Automatic early redemption amounts payable on the types of Notes listed above may be subject to an "FX Factor", being a multiplication factor based on any change in the exchange rate between two specified currencies over the life of the Note. Where such multiplication factor is less than 100 per cent., such automatic early redemption amount will be reduced. **In certain circumstances this may lead to investors suffering a reduction of their initial investment.**

Upside Return – Kick Out Notes with Capital at Risk, Kick Out Notes without Capital at Risk, Phoenix Kick Out Notes with Capital at Risk, Upside Notes without Capital at Risk, Upside Notes with Capital at Risk, Geared Booster Notes with Capital at Risk, Lock-In Call Notes with Capital at Risk and Dual Underlying Upside Notes with Capital at Risk

Any positive return payable on the types of Notes listed above (whether or not such Notes are expressed to have Capital at Risk) may be subject to an "FX Factor", being a multiplication factor based on any change in the exchange rate between two specified currencies over the life of the Note. Where such multiplication factor is less than 100 per cent., any such positive return will be reduced. **In these circumstances investors will receive lower return than if the FX Factor was 100 per cent or more.**

Return of Initial Investment – Kick Out Notes with Capital at Risk, Phoenix Kick Out Notes with Capital at Risk, Upside Notes with Capital at Risk, Geared Booster Notes with Capital at Risk, Lock-In Call Notes with Capital at Risk and Dual Underlying Upside Notes with Capital at Risk

Any repayment of initial capital on the types of Notes listed above may be subject to an "FX Factor", being a multiplication factor based on any change in the exchange rate between two specified currencies over the life of the Note. Where such multiplication factor is less than 100 per cent., the return of initial capital will be reduced. **In certain circumstances this may lead to investors suffering a reduction of their initial investment.**

Downside Return – Kick Out Notes with Capital at Risk, Phoenix Kick Out Notes with Capital at Risk, Upside Notes with Capital at Risk, Geared Booster Notes with Capital at Risk and Dual Underlying Upside Notes with Capital at Risk

Any downside return (as further discussed in the paragraph entitled "*Possibility of Loss of Investment – Underlying Linked Notes with Capital at Risk*" above) payable on the types of Notes listed above may be subject to an "FX Factor", being a multiplication factor based on any change in the exchange rate between two specified currencies over the life of the Note. Where such multiplication factor is less than 100 per cent., any downside return will be further reduced. **In these circumstances, investors will suffer a higher reduction of their initial investment.**

(xii) *FX Disruption*

If an FX Factor applies in relation to Notes, investors in such Notes are subject to the risk that a "**Price Source Disruption**" may occur. A Price Source Disruption will occur on any date that the Calculation Agent is obliged to determine an exchange rate in accordance with the provisions specified in the Final Terms and such exchange rate is not available for any reason.

If the Calculation Agent determines that a Price Source Disruption has occurred, the Calculation Agent may postpone the relevant fixing date for up to five FX Business Days, after which the Calculation Agent shall instead determine the relevant exchange rate by reference to the rate of exchange published by available recognised financial information vendors.

If the Calculation Agent postpones any fixing date following the occurrence of a Price Source Disruption, the due date for any payments or delivery in respect of the Notes (including, without limitation, any interest payment date, the maturity date or automatic early redemption date) may also be postponed.

5. **Risks related to Equity Linked, Index Linked and Dual Underlying Linked Notes**

(a) ***Disruption***

(i) *Disrupted Days*

Investors in Equity Linked, Index Linked or Dual Underlying Linked Notes are subject to the risk that a "**Disrupted Day**" may occur in relation to an Underlying. A Disrupted Day may occur in respect of the Notes if, as determined by the Calculation Agent, a stock exchange or related stock exchange fails to open for trading during its regular trading session, an index sponsor fails to publish the level of an index or a Market Disruption Event has occurred, or if an index sponsor fails to publish the level of an index.

A "**Market Disruption Event**" may occur in relation to the Notes if, as determined by the Calculation Agent, a stock exchange or related stock exchange closes early without notice; limitations are imposed on trading; trading is suspended; or market participants are prevented from obtaining valuations or effecting transactions.

If the Calculation Agent determines that a Disrupted Day has occurred on a valuation date for the Underlying, the Calculation Agent may postpone such valuation date to a later date which is not a Disrupted Day (subject to a maximum postponement period).

(ii) *Postponement of Payments*

If the Calculation Agent postpones any valuation date following the occurrence of a Disrupted Day, the due date for any payments or delivery in respect of the Notes (including, without limitation, any interest payment date, the maturity date or automatic early redemption date) may also be postponed.

(b) ***Adjustments in respect of Share Underlyings***

If certain events occur in respect of a share underlying (such as a merger, a takeover or tender offer, delisting, nationalisation or transfer to a governmental agency or the insolvency or bankruptcy of the issuer of such share), the Calculation Agent may take certain actions, such as adjusting certain terms and conditions of the Notes or redeeming the Notes at their early redemption amount.

Upon the occurrence of such an early redemption, investors may suffer a loss of some or all of their investment and will forego any future appreciation in the relevant Underlying(s) that may occur following such redemption or termination.

(c) ***Adjustments in respect of Index Underlyings***

If certain events occur in relation to an index underlying (such as a replacement of the index by a successor index, a material modification to the index or a cancellation of the index), the Calculation Agent may take certain actions, such as adjusting certain terms and conditions of the Notes or redeeming the Notes at their early redemption amount.

Upon the occurrence of such an early redemption, investors may suffer a loss of some or all of their investment and will forego any future appreciation in the relevant Underlying(s) that may occur following such redemption or termination.

(d) ***Additional Disruption Event provisions***

Prospective investors in Equity Linked, Index Linked and Dual Underlying Linked Notes should note that if certain "**Additional Disruption Events**" (such as a change in law, hedging disruption, increased cost of hedging, insolvency filing, ETF modification, strategy breach, regulatory action or cross contamination), the Calculation Agent may take certain actions, such as adjusting certain terms and conditions of the Notes or redeeming the Notes at their early redemption amount.

Upon the occurrence of such an early redemption, investors may suffer a loss of some or all of their investment and will forego any future appreciation in the relevant Underlying(s) that may occur following such redemption or termination.

6. **Risks related to Inflation Linked Notes**

(a) ***Cancellation in respect of Inflation Index***

If there is a cancellation of the inflation index, the Calculation Agent may redeem the Notes at their early redemption amount.

Upon the occurrence of such an early redemption, investors may suffer a loss of some or all of their investment and will forego any future appreciation in the relevant Underlying(s) that may occur following such redemption or termination.

(b) ***Additional Disruption Event provisions***

Prospective investors in the Inflation Linked Notes should note that if certain "**Additional Disruption Events**" (such as a change in law, hedging disruption or increased cost of hedging), the Calculation Agent may redeem the Notes at their early redemption amount.

Upon the occurrence of such an early redemption, investors may suffer a loss of some or all of their investment and will forego any future appreciation in the relevant Underlying(s) that may occur following such redemption or termination.

7. **Risks related to Combined Underlying Linked Notes**

Combined Underlying Linked Notes have a combination of inflation-based and equity and/or index based Underlyings. Consequently, investors in Combined Underlying Linked Notes should read the sections entitled "*Risk in relation to Equity Linked/Index Linked/Dual Underlying Linked Notes*" and "*Risks in relation to Inflation Linked Notes*".

8. **Risks related to Secured Notes**

(a) ***A Collateral Pool may not be sufficient to meet all payments in respect of the Secured Notes***

Certain Notes ("**Secured Notes**") have the benefit of security granted by the Issuer over a pool of collateral (a "**Collateral Pool**") (which may be comprised of cash and/or government bonds and/or senior or subordinated debt obligations of specified entities).

If a Series of Notes is specified in the applicable Final Terms as being Secured Notes, the applicable Final Terms will also specify the proportion of such Note which is secured (the "**Secured Portion**"). Notes may be fully or partially secured. If the Notes are partially rather than fully secured, the unsecured portion of the Notes will be exposed to the risk of insolvency of the Issuer. **If the Issuer were to become insolvent, an investor's return on the unsecured portion of the Notes may be substantially reduced and may be reduced to zero.**

The collateral in the Collateral Pool is valued periodically and the Issuer may be required to transfer further collateral or may withdraw collateral depending on the amount of the Issuer's obligations secured by the Collateral Pool and the value of the collateral.

Such security may be enforced if the Issuer defaults on certain obligations under the Notes and, in such circumstances, any net proceeds realised upon enforcement of the security will be applied in or towards satisfaction of the claims of, among others, the security trustee (the "**Trustee**") and any appointee and/or receiver appointed by the Trustee in respect of the relevant Secured Notes before the claims of the holders of the relevant Secured Notes in respect of the Secured Portion. Accordingly, whilst investors in Secured Notes have recourse to any proceeds realised upon enforcement of the security and may therefore recover some of their initial investment and may as a result suffer a lesser loss on their investment than investors in unsecured Notes or other unsecured products, there is **no guarantee that investors in Secured Notes will recover the full amount of their initial investment** if the net proceeds are insufficient to satisfy the claims of all persons who benefit from such security.

The deed creating the security over a Collateral Pool (the "**Supplemental Trust Deed**") may provide for payment of a specified amount (an "**Independent Amount**"), in which case the Issuer will be required to maintain in the Collateral Pool at all times an additional amount equal to the Independent Amount. The Independent Amount is intended to address, in part, any claims that may rank ahead of the claims of the relevant holders of the Secured Notes. However, any required periodic valuations of the Collateral Pool will not value or otherwise take into account any such prior ranking claims, and the Independent Amount, if any, will not be changed from time to time. To the extent that the amounts payable in respect of prior ranking claims exceed the Independent Amount (if any) applicable to that Collateral Pool, the net proceeds realised from that Collateral Pool may be insufficient to meet in full the claims of the holders of the relevant Secured Notes.

The Supplemental Trust Deed may also provide for a specified minimum amount (the "**Minimum Transfer Amount**"), in which case the Issuer will not be required to post additional collateral following a periodic valuation if the amount of additional collateral that needs to be posted is below the Minimum Transfer Amount. Accordingly, if the security in relation to such Collateral Pool were enforced, the net proceeds realised from the Collateral Pool may be less than it otherwise would have been had there been no Minimum Transfer Amount.

Furthermore, changes in the market value of the collateral posted in the Collateral Pool arising after the date on which Secured Notes become due and payable following an event of default under the Notes may mean that the net proceeds realised upon enforcement of the security over a Collateral Pool are insufficient to meet in full the claims of the holders of the relevant Secured Notes.

The collateral assets in the Collateral Pool may be denominated in a different currency from the specified currency of the Notes, and Notes with different specified currencies may be supported by a single Collateral Pool. On enforcement, Noteholders may receive enforcement proceeds in a different currency from the specified currency of their Noteholding, or alternately may be exposed to any foreign exchange rate risk that arises where enforcement proceeds are converted into the specified currency of the Notes.

(b) ***Collateral Pool may secure more than one Series of Secured Notes***

A Collateral Pool may secure the Issuer's obligations with respect to more than one series of Secured Notes and an event of default under the Notes with respect to any one series of Secured Notes secured by such Collateral Pool may trigger the early redemption of all other series that are secured by the same Collateral Pool in order for the security over the entire Collateral Pool to be enforced. Such cross-default may, among other things, result in losses being incurred by holders of the Secured Notes which would not otherwise have arisen.

(c) ***Substitution of Posted Collateral***

The Issuer may request that certain items of posted collateral be substituted for other items of permitted collateral ("**Eligible Collateral**") provided that certain conditions are met, including, among others, that the value of the new item of Eligible Collateral on the date of transfer is equal to or exceeds the value of the original item of posted collateral. Any such substitution request is subject to (a) verification by the Verification Agent (Deutsche Bank AG, London branch or any successor appointed pursuant to the terms of the Agency Agreement) that the new item of collateral is Eligible Collateral; and (b) approval by the Trustee. However, neither the Verification Agent nor the Trustee is obliged to confirm that the value of the new item of Eligible Collateral is equal to or exceeds the value of the original item of posted collateral. **Following any such substitution, the market value of the new item of Eligible Collateral may fall below the value of the original item of posted collateral, and the net proceeds realised upon enforcement of the relevant Collateral Pool may therefore be less than if no such substitution had been made.**

(d) ***Custody arrangements***

An independent entity has been appointed by the Issuer and the Trustee to act as the custodian of any collateral (which may include cash) supporting the Secured Notes (the "**Custodian**"), being Deutsche Bank AG, London Branch at the date of this Base Prospectus.

If the Issuer's financial position were to deteriorate so that it become insolvent or otherwise unable to perform any of its obligations under the Notes, such that the security over any cash posted as collateral and held in the custody of the Custodian becomes enforceable, claims of any holders of Secured Notes will be satisfied from the proceeds realised upon enforcement of such security.

However, if at or prior to the time of such enforcement the financial position of Custodian were also to deteriorate so that it also becomes insolvent, such cash amounts will not be protected from any claims of persons to whom the Custodian owed obligations. **Accordingly, such security may not be realisable in order to fully or even partially satisfy the claims of the holders of the relevant Secured Notes. In such circumstances, investors in Secured Notes may be in no better position than investors in unsecured Notes.**

Furthermore, the Custodian may appoint sub-custodians to hold such posted collateral in its place in a manner that does not provide the Issuer or Trustee with any contractual rights against the sub-custodians. Accordingly, in the event that the Trustee attempts to enforce the security over any Collateral Pool, it will have no direct rights against any sub-custodian and will need to rely on the rights that it has with respect to the Custodian. Therefore, if the Custodian becomes unable to perform its obligations, the Trustee and Issuer may have no recourse to the posted collateral and accordingly **investors in the Secured Notes may be left unprotected**.

(e) ***Valuation Agent conflicts of interest***

Investec Bank plc, in its capacity as Valuation Agent, will be responsible for carrying out periodic valuations of the posted collateral in the Collateral Pool required under the

terms of the Notes. Such valuations will determine, among other things, the amount of additional collateral (if any) that Investec Bank plc, in its capacity as the Issuer, will need to post to secure its obligations with respect to the relevant series of Secured Notes. As a result of the fact that a determination that additional collateral is required to be posted will have a detrimental impact on the financial position of the Issuer, this arrangement carries the risk that the valuation given may be lower due to the Valuation Agent and the Issuer being the same entity and therefore sharing financial interests. Accordingly, certain conflicts of interest may arise between Investec Bank plc in its capacity as Valuation Agent and the holders of the Secured Notes.

If no or insufficient additional collateral is posted as a result of a deliberately inaccurate valuation, there may be insufficient proceeds realised from any enforcement of security over such Collateral Pool and accordingly **holders of the Secured Notes may suffer greater losses than envisaged**.

(f) ***Fixed charges may take effect under English law as floating charges***

The Issuer will grant a security interest (expressed to be a fixed charge) over the Collateral Pool in favour of the Trustee to be held for the benefit of the holders of the Secured Notes. However, the law in England and Wales relating to the characterisation of fixed charges is not settled and the Issuer cannot exclude the possibility that the fixed charges expressed to be granted by it may take effect under English law as floating charges only. If, contrary to the Issuer's intention, such fixed charges were to take effect as floating charges, then certain claims may be satisfied out of the net proceeds realised upon enforcement of the security over such Collateral Pool ahead of the claims of the holders of the relevant Secured Notes. Accordingly, **the net proceeds may be insufficient to pay the holders of the relevant Secured Notes in full or in part**.

In addition, if the Issuer were to go into administration pursuant to the provisions of the UK Insolvency Act 1986 (as amended by the Enterprise Act 2002), then the Trustee may not be able to enforce the security for the duration of any moratorium or stay imposed in connection with the administration procedure. This may lead to delays in the enforcement of any security and may, among other things, result in losses being incurred by the holders of the relevant Secured Notes.

Set out below are explanations of the technical legal terms "**charge**", "**fixed charge**" and "**floating charge**" as used in the above paragraphs:

(i) a "**charge**" is an English law security interest that does not transfer an ownership interest in the asset which is the subject of the security and, which, among other things typically gives to the secured party a right to sell the asset upon enforcement of the charge and to apply the proceeds in or towards satisfaction of the obligations secured by it;

(ii) a "**fixed charge**" is a charge over an asset which attaches to the asset upon the creation of the charge or (if later) upon the security-giver acquiring the asset; and

(iii) a "**floating charge**" is a charge which does not initially attach to specific assets but instead attaches to a shifting pool of assets over which it "hovers". On or before enforcement it "crystallises" and attaches to the specific assets comprised in the shifting pool at that time.

(g) ***Dealer Waiver of Rights***

If "Dealer Waiver of Rights" is specified as applicable in the applicable Final Terms, for any Series of Secured Notes then any such Secured Notes held by the Issuer in its capacity as Dealer from time to time shall be deemed "**Waivable Notes**". The holder of such Waivable Notes shall provide written notice to the Valuation Agent specifying the amount of Waivable Notes it holds together with evidence of its holding (as may be requested by the Valuation Agent). Upon receipt of such notice the lesser of (i) the

amount of Waivable Notes specified in such notice or (ii) the Maximum Waivable Amount of such Series of Waivable Notes specified shall be deemed to be Waived Notes. A holder of such Waived Notes shall be deemed to have irrevocably waived any and all rights or entitlement to (i) direct the Trustee to take to enforce the security or any other action pursuant to the Trust Deed, (ii) the proceeds (or any portion thereof) of any enforcement of the security by the Trustee, and (iii) be an Eligible Person (as defined in the Trust Deed) for the purpose of any Extraordinary Resolution. As a consequence, when determining the Collateral Pool on any Valuation Date, the Valuation Agent shall not take into account the early redemption amounts ("**Exposure**") in relation to Waived Notes for the purposes of calculating the Credit Support Amount (which is equal to the Exposure plus the Independent Amount).

Upon any transfer of any Waived Notes by the Issuer in its capacity as Dealer into the secondary market the Dealer will promptly provide written notice thereof to the Valuation Agent, the Issuer and the Trustee and, upon receipt of this notice by the Valuation Agent, the Issuer and the Trustee, such Notes so transferred will cease to be Waived Notes for all purposes thereafter. Accordingly, when determining the Credit Support Amount on any subsequent Valuation Date, the Valuation Agent shall determine the revised Exposure and make any required adjustments to the security. Until any such adjustments to the security have occurred, the value of the Collateral Pool securing a Series of Secured Notes may be less than the revised Credit Support Amount.

If the number of Waived Notes actually held on a Valuation Date relating to a particular Collateral Pool is less than the number of Waived Notes notified to the Valuation Agent (such event being a "**Waived Note Notification Error**"), then the Credit Support Amount calculated on such Valuation Date will be lower than would otherwise be the case if there was no such Waived Note Notification Error. If the relevant Supplemental Trust Deed were to be enforced prior to the correction of a Waived Note Notification Error, the proceeds of realisation of the security available to be distributed to holders of Secured Notes will be less than would have been the case in the absence of such Waived Note Notification Error.

Each of the Trustee and the Verification Agent shall be entitled to assume that the amount of Waived Notes from time to time is as set out in the most recent notice it received from the Valuation Agent or the Dealer and neither the Trustee nor the Verification Agent shall suffer any liability to any Holder or any other interested party for so assuming.

Neither the Trustee nor the Verification Agent shall have any responsibility to monitor whether (i) any Waivable Notes or Waived Notes are in issue, (ii) the Issuer has an obligation to add to the security as a result of any Waived Notes being sold to the secondary market, or (iii) there has been any diminution in the amount or value of the security as a result of the Conditions relating to Waived Notes, and neither the Trustee nor the Verification Agent shall suffer any liability whatsoever as a result of any failure by the Issuer, the Valuation Agent or any Dealer to comply with the Conditions relating to Waived Notes.

9. **Risks related to Credit Linked Notes**

In addition to the return on the Notes having the payout features discussed above, the Notes may be linked to the credit of one or more entities referred to as a "**Reference Entity**", being a specified financial institution or corporation listed on a regulated exchange or any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof (a "**Sovereign**") (such Notes being "**Credit Linked Notes**").

The applicable Final Terms for the Credit Linked Notes will specify the portion of such Notes which are subject to credit linkage (the "**Credit Linked Portion**").

Credit Linked Notes may be linked to a single Reference Entity specified in the applicable Final Terms ("**Single Name CLNs**"), to two or more Reference Entities specified in the applicable

Final Terms ("**Basket CLNs**") or a number of Reference Entities determined by reference to an index ("**Index CLNs**"). The applicable Final Terms for Basket CLNs and Index CLNs will specify the percentage of the Credit Linked Portion (the "**Relevant Portion**") linked to each Reference Entity (such percentage the "**Reference Entity Weighting**").

Alternately, the Credit Linked Notes may be "**Tranched CLNs**". Tranched CLNs may be linked to two or more Reference Entities specified in the applicable Final Terms or a number of Reference Entities determined by reference to an index. However, unlike Basket CLNs or Index CLNs, no part of the investor's initial investment will be at risk unless Reference Entities (each of which will be assigned an initial weighting) representing a specified percentage of the Credit Linked Portion are subject to a Credit Event or CDS Event (as applicable and as discussed below) (such specified proportion of Reference Entities becoming subject to a Credit Event or CDS Event (as applicable) being a "**Tranched CLN Trigger Event**").

In relation to Tranched CLNs:

(a) if "**Equal Weighting**" is specified to be applicable in relation to the Notes, then on the occurrence of a Tranched CLN Trigger Event, an equally weighted percentage portion of the Credit Linked Portion will be credit linked to each of the Reference Entities in relation to which no Credit Event or CDS (as applicable) has occurred as at the date of such Tranched CLN Trigger Event (such portion being the "**Relevant Portion**"); and

(b) if "**Fixed CLN Percentage**" is specified to be applicable in relation to the Notes, if any of the Reference Entities not subject to a Credit Event or CDS Event (as applicable) as at the date of the Tranched CLN Trigger Event becomes subject to a Credit Event or CDS Event (as applicable) following such Tranched CLN Trigger Event, a fixed percentage portion of the Credit Linked Portion (such portion being the "**Relevant Portion**") will be deemed to have been linked to such Reference Entity at the time such Credit Event or CDS Event (as applicable) occurred.

Credit Linkage may take one of two forms – simplified credit linkage ("**Simplified Credit Linkage**") (as further described in Paragraph 7(c)(i) below) or ISDA credit linkage ("**ISDA Credit Linkage**") (as further described in Paragraph 7(c)(ii) below), as specified in the applicable Final Terms.

Credit Linked Notes are complex financial instruments. An investment in such Notes will entail significant risks not associated with conventional fixed or floating rate debt securities which do not contain such Credit Linkage feature. Credit Linked Notes are not capital protected and investors may lose all or a substantial portion of their initial investment.

(a) ***Reference Entities***

Reference Entities will be one or more financial institutions or corporations listed on a regulated exchange or any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof (a "**Sovereign**"), about which there is available public information. No investigation has been or will be made regarding any of the Reference Entities. Prospective investors in Credit Linked Notes should consider the risks relating to Reference Entities as if they were investing directly in the debt obligations of the Reference Entities. In addition, investors should understand that the historical performance of any specific debt obligation or the debt obligations of such Reference Entities generally is not predictive of future performance. The Reference Entities have not participated in the preparation of this Base Prospectus or any Final Terms. **The Final Terms will provide details of where information on the Reference Entity can be obtained, however, there is a risk that such information will not contain all material facts or information regarding the Reference Entities.**

(b) ***Increased credit exposure***

The redemption amount payable in respect of each Credit Linked Notes is determined by reference to the credit of the Reference Entity or Reference Entities. In addition to being

exposed to the risk of insolvency of the Issuer, investors in (i) Credit Linked Notes with simplified credit linkage will also be exposed to the risk that the Reference Entity becomes (a) insolvent, (b) defaults on its payment obligations or (c) is the subject of governmental intervention or a restructuring of its debt obligations (a "**Credit Event**"), or (ii) Credit Linked Notes with ISDA credit linkage becomes subject to a CDS event (broadly speaking, becomes insolvent, fails to pay amounts due on obligations or is subject to a restructuring of debt obligations in a manner that is detrimental to creditors) (a "**CDS Event**"). Therefore**, investors in Credit Linked Notes, in addition to exposure to the credit of the Issuer, will also be exposed to the credit of the specified Reference Entity/ties. Accordingly, the redemption amount payable in respect of the Credit Linked Notes may be substantially reduced.**

(c) ***Credit Linkage may take one of two forms: Simplified Credit Linkage or ISDA Credit Linkage, as specified in the applicable Final Terms.***

(i) *Simplified Credit Linkage*

If the applicable Final Terms specify that Simplified Credit Linkage is applicable in relation to a Series of Notes, and one (or more) of the specified Reference Entities becomes insolvent, defaults on its payment obligations or is the subject of governmental intervention or a restructuring of its debt obligations in a manner that is detrimental to creditors the Calculation Agent may give notice (a "**Credit Event Notice**") of the occurrence of such credit event (a "**Credit Event**").

(A) if the Notes are Single Name, Basket or Index CLNs, the Redemption Amount of the Relevant Portion of the Note will be determined by multiplying the fair and reasonable value of such Relevant Portion by the "**Recovery Rate**" assigned to the Reference Entity/Entities, in accordance with the provisions of Additional Terms for Credit Linked Notes.

(B) if the Notes are Tranched CLNs, if Credit Event Notices are delivered in relation Reference Entities (each of which will be assigned an initial weighting) representing a specified percentage of the Credit Linked Portion, a "**Tranched CLN Trigger Event**" will occur. Following the occurrence of such Tranched CLN Trigger Event, if a Credit Event Notice is delivered in relation to any Reference Entity in relation to which no Credit Event has previously occurred, then the Redemption Amount of the Relevant Portion of the Note relating to such Reference Entity will be zero.

If one or more Reference Entities is subject to a Credit Event (or, in relation to Tranched CLN, subject to a Credit Event after the occurrence of a Tranched CLN Trigger Event) **an investor in such Notes may receive considerably less than the amount paid by such investor for the Notes, irrespective of the performance of any Underlying. If (i) in relation to a Single Name CLN, the Reference Entity is subject to a Credit Event, (ii) in relation to a Basket or Index CLN, all of the Reference Entities are subject to a Credit Event, or (iii) in relation to a Tranched CLN, a Tranched CLN Trigger Event and subsequently a Credit Event has occurred in relation to (i) where "Equal Weighting" is specified, all the remaining Reference Entities, and (ii) where "Fixed Recovery" is specified, a number of Reference Entities which depends on the percentage of the Notes specified to be lost in relation to each Credit Event in the applicable Final Terms, investors in such Notes may lose all of their investment in the Credit Linked Portion of the Note.**

Recovery Rate in relation to Single Name, Basket or Index CLNs and Parallel Credit Linkage

The Recovery Rate is either:

(C) if "**General Recovery Rate**" is specified in the applicable Final Terms, a rate or percentage determined in accordance with a market standard auction process for the debt obligations of the relevant Reference Entity (or, if no such auction is held, pursuant to market standard fallback valuation provisions); or

(D) if "**Zero Recovery Rate**" is specified in the applicable Final Terms, zero; or

(E) if "**Fixed Recovery Rate**" is specified in the applicable Final Terms, a fixed recovery percentage specified in such applicable Final Terms.

If a "General Recovery Rate" is specified and such Recovery Rate in respect of a Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion.

If a "Zero Recovery Rate" is specified in respect of a Reference Entity, an investor will receive zero in relation to the Relevant Portion.

If a "Fixed Recovery Rate" is specified and such Recovery Rate in respect of a Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion.

Investors should note that the Recovery Rate in respect of a Reference Entity is not determined by reference to any one specific debt obligation of the Reference Entity. Instead, the Recovery Rate is determined by reference to an auction coordinated by ISDA in respect of certain obligations of the Reference Entity/Entities or, in certain circumstances, including if such an auction is not held, a market price as determined by the Calculation Agent.

Accordingly, the redemption amount payable in respect of Relevant Portion of the Note may be different from the return that investors would have received had they been holding a particular debt instrument issued by the specified Reference Entity.

Postponement of Payment of Redemption Amount - Single Name, Basket or Index CLNs and Parallel Credit Linkage

If, prior to the Maturity Date of a Series of Credit Linked Notes with simplified Credit Linkage, a Credit Event has occurred with respect to the relevant Reference Entity/Entities, payment of the redemption amount in respect of the Relevant Portion(s) linked to the relevant Reference Entity/Entities may be delayed by up to 60 calendar days plus five business days.

Cessation of accrual of Interest – all interest bearing CLNs

Interest (if any) on the Relevant Portion of the Notes shall cease to accrue from (but excluding) the Interest Accrual Cessation Date, which will be specified in the Final Terms either as (i) the Interest Payment Date immediately preceding the Credit Event Notice Date or, in the case of a Credit Event Notice Date occurring during the first Interest Period, the Interest Commencement Date, or (ii) the date on which the Credit Event occurred (as specified in the relevant Credit Event Notice) (in each case, in respect of Tranched CLNs, in relation to a Credit Event occurring after the occurrence of a Tranched CLN Trigger Event only). Cessation of accrual of interest may impact any Notes that pay an interest amount and an investor in these Notes may receive a lower return.

(ii) *ISDA Credit Linkage*

If the applicable Final Terms specify that ISDA Credit Linkage is applicable in relation to a Series of Notes, and one (or more) of the specified Reference Entities becomes subject to a CDS event (broadly speaking, becomes insolvent, fails to pay amounts due on obligations or is subject to a restructuring of debt obligations in a manner that is detrimental to creditors) (a "**CDS Event**"), then the Calculation Agent may give notice (a "**CDS Event Notice**") of the occurrence of such CDS Event.

(A) If the Notes are Single Name, Basket or Index CLNs, the Redemption Amount of the Relevant Portion of the Note will be determined by the Calculation Agent, acting in a commercially reasonable manner as:

(1) if "**Option A**" is specified as applicable in relation to CDS Event Redemption Amount in the applicable Final Terms, by reference to the "**Adjusted Fair Market Value**" of the Relevant Portion (or 100 per cent. of the Note, as applicable) (being the fair market value of the Notes, or proportion of the relevant Notes (as applicable), less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes) and the "**Recovery Rate**" (being an amount determined by the Calculation Agent in accordance with the Additional Terms for Credit Linked Notes); or

(2) if "**Option B**" is specified as applicable in relation to CDS Event Redemption Amount in the applicable Final Terms, by reference to the outstanding notional amount of the Relevant Portion of the Note and the "**Recovery Rate**" (being an amount determined by the Calculation Agent in accordance with the Additional Terms for Credit Linked Notes) less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes.

(B) If the Notes are Single Name, Basket or Index CLNs, the Redemption Amount of the Relevant Portion of the Note will be determined by multiplying the fair and reasonable value of such Relevant Portion by the "**Recovery Rate**" assigned to the Reference Entity/Entities, in accordance with the provisions of Additional Terms for Credit Linked Notes.

(C) If the Notes are Tranched CLNs, if CDS Event Notices are delivered in relation Reference Entities (which may not be equally weighted) representing a specified percentage of the Credit Linked Portion, a "**Tranched CLN Trigger Event**" will occur. Following the occurrence of such Tranched CLN Trigger Event, if a Credit Event Notice is delivered in relation to any Reference Entity in relation to which no CDS Event has previously occurred, then the Redemption Amount of the Relevant Portion of the Note relating to such Reference Entity will be zero.

If one or more Reference Entities is subject to a CDS Event (or, in relation to a Tranched CLN, subject to a CDS Event after the occurrence of a Tranched CLN Trigger Event) **an investor in such Notes may receive considerably less than the amount paid by such investor for the Notes, irrespective of the performance of any Underlying. If (i) in relation to a Single Name CLN, the Reference Entity is subject to a CDS Event, (ii) in relation to a Basket or**

Index CLN, all of the Reference Entities are subject to a CDS Event, or (iii) in relation to a Tranched CLN, a Tranched CLN Trigger Event and subsequently a CDS Event has occurred in relation to (i) where "Equal Weighting" is specified, all the remaining Reference Entities, and (ii) where "Fixed Recovery" is specified, a number of Reference Entities which depends on the percentage of the Notes specified to be lost in relation to each CDS Event in the applicable Final Terms,, investors in such Notes may lose some or all of their investment in the Credit Linked Portion of the Note.

Parallel Credit Linkage

If the Parallel Credit Linkage Provisions are specified in the applicable Final Terms as being applicable to the Notes, in addition to being linked to the credit of the Reference Entities, 100 per cent. of the Notes will also be linked to the credit of a parallel credit reference entity (the "**Parallel Credit Reference Entity**"). Following the giving of a CDS Event Notice in respect of the Parallel Credit Reference Entity, the Redemption Amount payable in respect of the Notes will be determined by the Calculation Agent, acting in a commercially reasonable manner:

(A) if "Option A" is specified as applicable in relation to CDS Event Redemption Amount in the applicable Final Terms, by reference to the "**Adjusted Fair Market Value**" of the Relevant Portion (or 100 per cent. of the Note, as applicable) (being the fair market value of the Notes, or proportion of the relevant Notes (as applicable), less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes) and the "**Recovery Rate**" in respect of the Parallel Credit Reference Entity (being an amount determined by the Calculation Agent in accordance with the Additional Terms for Credit Linked Notes); or

(B) if "Option B" is specified as applicable in relation to CDS Event Redemption Amount in the applicable Final Terms, by reference to the outstanding notional amount of the Relevant Portion of the Note and the "**Recovery Rate**" in respect of the Parallel Credit Reference Entity (being an amount determined by the Calculation Agent in accordance with the Additional Terms for Credit Linked Notes) less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes.

If the Parallel Credit Reference Entity is subject to a CDS Event, an investor in such Notes may receive **considerably less than the amount paid by such investor for the Notes, irrespective of the performance of any Underlying and there is a risk that an investor's return on the Note may be zero.**

Recovery Rate in relation to Single Name, Basket or Index CLNs and Parallel Credit Linkage

(A) if "**General Recovery Rate**" is specified in the applicable Final Terms, a rate or percentage determined in accordance with a market standard auction process for the debt obligations of the relevant Reference Entity (or, if no such auction is held, pursuant to market standard fallback valuation provisions); or

(B) if "**Specific Recovery Rate**" is specified in the applicable Final Terms, a rate or percentage that represents the market value of a specified debt obligation (the "**Reference Obligation**") (as specified in the Final

Terms) of the Reference Entity as determined by the Calculation Agent; or

(C) if "**Zero Recovery Rate**" is specified in the applicable Final Terms, zero; or

(D) if "**Fixed Recovery Rate**" is specified in the applicable Final Terms, a fixed recovery percentage specified in such applicable Final Terms.

If either a "General" or "Specific" Recovery Rate is specified and such Recovery Rate in respect of a Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion. If either a "General" or "Specific" Recovery Rate is specified and such Recovery Rate in respect of the Parallel Credit Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the entire Note.

If a "Zero Recovery Rate" is specified in respect of a Reference Entity, an investor will receive zero in relation to the Relevant Portion. If a "Zero Recovery Rate" is specified in respect of a Parallel Credit Reference Entity, an investor will receive zero in relation to the entire Note.

If a "Fixed Recovery Rate" is specified and such Recovery Rate in respect of a Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion. If a "Fixed Recovery Rate" is specified and such Recovery Rate in respect of a Parallel Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the entire Note.

Investors should note that where no particular debt instrument is specified in the applicable Final Terms for the purposes of determining the Recovery Rate the redemption amount payable in respect of the Relevant Portion of each Note with a Credit Linkage feature may be different from the return that investors would have received had they been holding a particular debt instrument issued by the specified Reference Entity.

Investors should note that where a particular debt instrument is specified in the applicable Final Terms for the purposes of determining the Recovery Rate the redemption amount payable in respect of the Relevant Portion of each Note with Credit Linkage may be different from the return that investors would have received had they been holding that debt instrument or another debt instrument issued by the specified Reference Entity.

<u>Recovery Rate Gearing - Single Name, Basket or Index CLNs and Parallel Credit Linkage</u>

Additionally, if the Final Terms specify that the Recovery Rate is subject to gearing, the Recovery Rate will be reduced by the gearing percentage specified in the Final Terms (subject to a floor of zero). **As a result an investor will get back less than their initial investment in relation to the Relevant Portion (or the Note, as applicable) and there is a risk that an investor's return may be substantially reduced or reduced to zero.**

<u>Extension of Maturity - Single Name, Basket or Index CLNs and Parallel Credit Linkage</u>

At any time prior to the Maturity Date of Credit Linked Notes with ISDA Credit Linkage, Noteholders may receive notice (in accordance with Condition 13 (*Notices*)) that the Maturity Date of the Notes is to be extended in line with notice timeframes under market standard documents for credit protection in relation to the relevant Reference Entity relating to any Relevant Portion of a Note, to determine whether or not a credit event had occurred in respect of the

relevant Reference Entity prior to maturity. **Accordingly, investors may not receive the redemption payment relating to the Relevant Portion of the Note linked to the Reference Entity, until such time as it is determined whether or not a credit event occurred prior to the maturity date in relation to the debt obligations of the Reference Entity.**

Postponement of Payment of Redemption Amount - All CLNs

If, prior to the Maturity Date of a Series of Credit Linked Notes with ISDA Credit Linkage, a CDS Event has occurred with respect to the relevant Reference Entity/Entities, payment of the redemption amount in respect of the Relevant Portion(s) linked to the relevant Reference Entity/Entities may be postponed until the relevant redemption amount can be established.

Reference Obligations may consist of subordinated debt – All CLNs

Any Reference Obligations specified in the applicable Final Terms for Credit Linked Notes or the obligations deemed to be referenced by the relevant Notional CDS in relation to a Reference Entity may include debt obligations, which are described as subordinated. Such subordinated debt obligations will rank junior to, and the value of such subordinated debt obligations may be less than that of, senior obligations in respect of the same issuer, and the value of such subordinated debt obligations may even be zero in circumstances where a credit event has occurred. The Issuer is under no fiduciary duty to select reference assets of any particular value or that maximise value for Noteholders. The applicable Final Terms will specify the relevant criteria in respect of any subordinated debt obligation that is a Reference Obligation.

Cessation of accrual of Interest – All interest bearing CLNs

Interest (if any) on the Relevant Portion of the Notes (or, in the case of a Note in which the Parallel Credit Linkage Provisions are specified to be applicable, 100 per cent. of Notes) shall cease to accrue from (but excluding) the Interest Accrual Cessation Date which will be specified as either (i) the Interest Payment Date immediately preceding the Event Determination Date or, in the case of a Event Determination Date occurring during the first Interest Period, the Interest Commencement Date, or (ii) the date specified in the CDS Event Notice as the date on which the Credit Event triggering the relevant Event Determination Date (each term as defined in the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc.) (in each case, in respect of Tranched CLNs, in relation to Credit Event occurring after the occurrence of a Tranched CLN Trigger Event only) occurred. Cessation of accrual of interest may impact any Notes that pay an interest amount and an investor in these Notes may receive a lower return.

Interest Postponement – All interest bearing CLNs

At any time, Noteholders of Credit Linked Notes with ISDA Credit Linkage may receive notice (in accordance with Condition 13 (*Notices*)) that a payment of interest scheduled to be paid on any date in respect of any Relevant Portion of a Note (or, in the case of a Note in which the Parallel Credit Linkage Provisions are specified to be applicable, 100 per cent. of Notes) is to be suspended, where the Calculation Agent determines that a CDS Event has or may have taken place in relation to the relevant Reference Entity (or, in the case of a Note in which the Parallel Credit Linkage Provisions are specified to be applicable, the Parallel Credit Reference Entity) whereupon such interest payment shall be suspended in accordance with the terms of such notice. **No additional interest is payable and no adjustment is to be made in connection with such delay or postponement.**

(d) ***Credit Linked FX Factors***

Redemption Amounts payable on the Notes following the occurrence of a Credit Event or CDS Event may be subject to an "FX Factor", being a multiplication factor based on any change in the exchange rate between two specified currencies over the life of the Note. Where such multiplication factor is less than 100 per cent., any such interest or redemption amount may be reduced. **In these circumstances, investors will receive a lower return and this may lead to investors suffering a reduction of their initial investment.**

Investors in Credit Linked Notes which are subject to an FX Factor should be aware of the risks in relation to FX Disruption set out in paragraph 4(e)(xi) (*FX Disruption*) above.

(e) ***A Reference Entity may be replaced by a successor***

In circumstances where there has been a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event (a "**Succession Event**") in respect of such Reference Entity, a successor (or, in relation to Credit Linked Notes with ISDA Credit Linkage, one or more successors) to such Reference Entity (each a "**Successor**") may be determined.

This would potentially include a situation where, pursuant to the Financial Services (Banking Reform) Act 2013, the retail banking activities of a Reference Entity are moved into a legally distinct, operationally separate and economically separate and independent entity (so-called "ring fencing") or as a result of the exercise by the relevant authorities of resolution powers under the Banking Act 2009 of the United Kingdom in circumstances where a Reference Entity is in financial difficulties.

(i) *Simplified Credit Linkage*

In relation to Credit Linked Notes with Simplified Credit Linkage, following a Succession Event the Calculation Agent may specify a Successor. In doing so, the Calculation Agent is obliged to act in a commercially reasonable manner, and is entitled to take into account any hedging position or arrangement that the Issuer or any of its affiliates may have entered into in connection with the Notes, but is not required to take into account the interests of the holders of any Notes. In circumstances where, prior to a Succession Event, the relevant Reference Entity was carrying on business as an authorised deposit-taker, the Calculation Agent is required, to the extent possible, to specify as the Successor a successor entity which is not carrying on business as an authorised deposit-taker, or in the event that this is not possible, the successor entity for which such deposit-taking business is the least significant part of its business.

(ii) *ISDA Credit Linkage*

In relation to Credit Linked Notes with ISDA Credit Linkage, the Calculation Agent may determine that any one or more "Successor" (as such term is defined in the 2014 ISDA Credit Derivatives Definitions) would be determined under the relevant Notional CDS, in which case such entity or entities will be Successors for the purposes of the Credit Linked Notes.

Where more than one Successor is identified in relation to a Reference Entity, the portion of the Note linked to such Reference Entity will be split equally between the Successors, **which may mean investors are exposed to a greater number of Reference Entities than were included in the original portfolio.**

It is possible that (in relation to Credit Linked Notes with either Simplified or ISDA Credit Linkage) the creditworthiness of a Successor will be less than that of the original Reference Entity. **In these circumstances there may be a greater risk of the occurrence of a Credit Event or CDS Event (as applicable) in respect of the Successor than may have existed in respect of the original Reference Entity and, accordingly, investors may be exposed to a greater risk of a reduced return on their investment or of suffering a loss in these circumstances**.

(f) ***Correlation risk***

The likelihood of a Credit Event or a CDS Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition of such Reference Entity, general economic conditions, the condition of financial markets, political events, developments and trends in a particular industry and prevailing interest rates. With respect to Credit Linked Notes which are linked to more than one Reference Entity, such Reference Entities are likely to be entities operating in the same industry and/or geographical area (for example, banks or financial institutions operating in the UK). Accordingly, a credit deterioration in one Reference Entity may be strongly correlated with the credit deterioration of the other Reference Entities. If one Reference Entity is negatively affected by certain market conditions, such market conditions are likely to also affect the other Reference Entities and/or the Issuer. **This may result in substantial decreases in the return payable on such Credit Linked Note over a short period of time as more than one Reference Entity and possibly also the Issuer is affected by the same market conditions. Furthermore, the occurrence of a Credit Event or a CDS Event in relation to one Reference Entity may exacerbate market conditions and contribute to the credit deterioration of the other relevant Reference Entities and/or the Issuer.**

(g) ***Issuer need not suffer or prove financial loss with respect to any Reference Entity***

With respect to Credit Linked Notes, the Issuer may but is not required under the terms of the deed relating to such Credit Linked Notes ("**Trust Deed**") to purchase debt securities of the relevant Reference Entities to post as collateral. Under the terms of the Trust Deed, the Issuer may post cash, government debt obligations and/or debt obligations of the relevant Reference Entities and accordingly the Collateral Pool for such Credit Linked Notes may not in fact include debt instruments of one or more of the relevant Reference Entities. **Following the delivery of a Credit Event Notice or a CDS Event Notice with respect to any Reference Entity, the return payable to an investor in the Credit Linked Notes will be reduced and may be reduced substantially but there is no need for the Issuer to suffer any loss or provide evidence of financial loss in such instances.**

10. **Risks related to the market generally**

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

(a) ***The secondary market generally***

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

Accordingly, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, commissions paid by the Issuer or the Dealer and the financial condition of the Issuer. Although application has been made for Notes issued under the Programme to be admitted to the Official List of the UK Listing

Authority and to trading on the Regulated Market of the London Stock Exchange (and application may also be made for the Notes issued under the Programme to be admitted listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (including, without limitation the Regulated Market of Nasdaq Stockholm AB ("**Nasdaq Stockholm**"), the Regulated Market of Nordic Growth Market NGM AB ("**NDX**"), the Regulated Market of Nasdaq Helsinki Oy ("**Nasdaq Helsinki**") and the Securitised Derivatives Exchange of the Borsa Italiana S.p.A ("**Borsa Ialiana**")) there is no assurance that any such application will be accepted, that any particular Tranche of Notes will be so admitted, that an active trading market will develop or that any listing or admission to trading will be maintained. **Accordingly, investors may not be able to sell their Notes prior to maturity.**

(b) ***Similar public offerings***

If a large number of public offerings of similar notes or securities similar to the Underlying (or a component thereof) are made in the United Kingdom or elsewhere, the Notes may attract fewer investors. In addition, factors affecting the economy of the country or countries in which the companies whose shares comprise the Underlying (or components thereof) conduct their operations may affect the value of the Underlying and may make the Underlying, and accordingly the Notes, less attractive to investors. Accordingly, the trading price of the Notes may be adversely affected.

(c) ***Exchange rate risks and exchange controls***

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

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

(d) ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, the additional factors discussed above or other factors that may affect the value of the Notes. Investors should be aware that any rating of the Notes reflects the independent opinion of the relevant rating agency and is not a guarantee of the Notes' credit quality. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. **Accordingly, an investor may suffer losses if the credit rating assigned to any Notes does not reflect the true creditworthiness of such Notes.**

(e) ***Credit ratings of Issuer***

The value of the Notes may be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's outstanding securities by standard statistical rating services, such as Moody's Investors Service Inc., Standard & Poor's (a division of the McGraw-Hill Companies, Inc) and Fitch Ratings Limited. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer, by one of these rating agencies could result in a reduction in the trading value of the Notes. Investors should be aware that any rating of

the Issuer reflects the independent opinion of the relevant rating agency and is not a guarantee of the Issuer's credit quality. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

11. **Risks associated with certain other miscellaneous features and terms of the Notes, including settlement, discretions, Issuer substitution and amendments, amongst others**

(a) ***Certain specific information may not be known at the beginning of an offer period***

The Final Terms of the Notes may provide that certain specific information relating to the Notes (such as certain amounts, levels, percentages, prices, rates or values (as applicable) used to determine or calculate amounts payable or assets deliverable in respect of the Notes) may not be fixed or determined until the end of the offer period. In such case, the Final Terms will (in place of the relevant amounts, levels, percentages, prices, rates or values (as applicable)), specify indicative amount, levels, percentages, prices, rates or values. The relevant amounts, levels, percentages, prices, rates or values (as applicable) will be determined based on market conditions by the Issuer on or around the end of the offer period and may be the same as or different from any indicative amount specified in the Final Terms, provided that such actual amounts will not be less than any indicative minimum amount specified in the applicable Final Terms and/or will not be more than any indicative maximum amount specified in the applicable Final Terms (as applicable).

Investors will be required to make an investment decision based on the indicative amounts, levels, percentages, prices, rates or values (as applicable), which will only be fixed or determined at the end of the offer period after their investment decision is made but will apply to the Notes once issued.

Investors should, for the purposes of evaluating the risks and benefits of an investment in the Notes, assume that the actual amounts, levels, percentages, prices, rates or values (as applicable) fixed or determined at the end of the offer period will be the least favourable amounts, levels, percentages, prices, rates or values disclosed in the applicable Final Terms, and should make a decision on whether to invest in the Notes on such basis.

(b) ***Modification, waivers and substitution***

The conditions of the Notes contain provisions for calling meetings to consider matters generally affecting the interests of holders of the relevant Notes (the "**Noteholders**"). Defined majorities are capable of binding all Noteholders with respect to matters considered at such meetings, including Noteholders who did not attend or vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any actual or potential event of default shall not be treated as such or (iii) the substitution of a company other than the Issuer as principal debtor under any Notes. **Accordingly, Noteholders are exposed to the risk that their rights in respect of the Notes are varied against their will, which may result in an investment in any Notes becoming less advantageous to a particular Noteholder depending on individual circumstances.**

(c) ***Settlement by way of physical delivery of the relevant Underlying (Equity Linked Notes only)***

(i) *Conditions to settlement*

If the Notes are to be settled by way of physical settlement, the Issuer's obligation to deliver the relevant property is subject to conditions to settlement, including, without limitation, an obligation on the Noteholder to deliver to the

Issuer a transfer notice within the prescribed time frame. No delivery will be made in respect of a physically settled Note unless the Issuer has received the required instructions, certifications and information and, where applicable, the relevant Note has been delivered and surrendered in accordance with the terms and conditions of the Notes.

(ii) *Exposure to value of shares and transfer expenses*

Where Notes are physically settled rather than cash settled, Noteholders will be exposed to the issuer of such delivered assets. Noteholders may not be able to sell such delivered assets for a specific price and the delivered assets may have a very low value or may in fact be worthless. Noteholders may also be subject to documentary or stamp taxes and/or other charges in relation to the delivery and/or disposal of such assets. Settlement is subject to satisfaction of all settlement costs by the holder.

(iii) *Settlement disruption risk*

Certain settlement disruption events may occur which could restrict the Issuer's ability to deliver the Underlying, and the date of delivery of payments and/or entitlements could be delayed accordingly. Where the delivery of the relevant entitlement using the method of delivery specified in the terms and conditions of the Notes is impossible or impracticable by reason of a "settlement disruption event" having occurred, such date will be postponed and the Issuer also has the right to either (i) deliver some or all of the entitlement in any commercially reasonable manner, or (ii) pay an amount in lieu of delivering the relevant entitlement**. Such a disruption event and related determinations may have an adverse effect on the value of the relevant Notes.**

(d) ***In relation to Dematerialised Notes investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer.***

Notes issued in dematerialised book entry form and cleared through Euroclear Finland Oy ("**Euroclear Finland**") or Euroclear Sweden AB ("**Euroclear Sweden**") ("**Nordic Notes**") and Notes issued in uncertificated and dematerialised book-entry form and centralised with Monte Titoli S.p.A. ("**Italian Notes**", and together with the Nordic Notes, "**Dematerialised Notes**") will not be evidenced by any physical note or document of title other than statements of account made by the relevant clearing system. Ownership of Dematerialised Notes will be recorded and transfer effected only through the book entry system and register maintained by the relevant clearing system.

12. **Risks related to legal framework of the Notes**

(a) ***U.S. Withholding on dividend equivalent payments***

The U.S. Treasury Department has released regulations under Section 871(m) of the U.S. Internal Revenue Code, which require withholding of up to 30 per cent. (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non−U.S. persons on certain financial instruments to the extent that such payments are contingent upon or determined by reference to U.S.−source dividends. Significant aspects of the application of these regulations to the Notes are uncertain. Payments on Notes made after 31 December 2016 that are treated by the applicable Treasury regulations as being contingent upon, or adjusted to reflect, any U.S. source dividends may be subject to this withholding. In addition, the regulations could impose withholding tax on non-U.S. persons to the extent U.S.-source dividends are paid on the underlying equity securities, even if no corresponding payment is made on the Notes to the non-U.S. persons. Section 871(m) of the U.S. Internal Revenue Code may apply to Notes that are issued (or significantly modified) on or after 1 January 2017. The Issuer will not be required to pay any additional amounts or otherwise indemnify any person with respect to amounts so withheld.

(b) ***UK Stamp Duty***

Transactions involving Notes may be subject to United Kingdom stamp duty or stamp duty reserve tax, and are subject to the risk that instruments effecting or evidencing transfers of Notes and executed in the United Kingdom may not be admissible in evidence in civil proceedings unless duly stamped. An instrument of transfer executed outside the United Kingdom is also subject to the risk that it may be inadmissible in United Kingdom civil proceedings unless duly stamped after it has been first received in the United Kingdom.

(c) ***No Gross Up***

Unless the Final Terms specify that Condition 7A (*Taxation - No Gross Up*) is not applicable and that Condition 7B (*Taxation - Gross Up*) is applicable, the Issuer will not be obliged to gross up, or pay any additional amounts in respect of, any payments in respect of the Notes and Receipts in respect of which any withholding or deduction has been required to be made in respect of any tax. Accordingly, investors may receive a lower return than would be received on an investment where no withholding tax is payable or where the relevant issuer has an automatic obligation to gross up any payments.

(d) ***Notes where denominations involve integral multiples: definitive Notes***

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

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

(e) ***Notes may be subject to bail-in under European and UK bank resolution legislation***

There is a risk that Notes issued by the Issuer maybe subject to the intervention tools under Directive 2014/59/EU (the "**Recovery and Resolution Directive**" or "**RRD**") as implemented in the United Kingdom by the UK Banking Act 2009 (the "**Banking Act**"). Such tools give the relevant UK resolution authority the power to cancel all of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or to convert certain debit claims into another security, including ordinary shares of the surviving entity, if any.

The powers granted to the relevant UK resolution authority under the Banking Act also include a bail-in option. The bail-in option includes the power to cancel certain unsecured liabilities or modify the terms of contracts for the purposes of reducing or modifying the liabilities of the bank under resolution and the power to convert a liability from one form to another.

The Banking Act also contains a number of other powers which have been granted to the relevant UK resolution authorities in relation to financial institutions and their holding companies which could have a material impact on the Issuer and/or any Notes issued by it.

Any of the above powers under the Banking Act (including especially the bail-in powers) could materially affect the market value of any Notes and could lead to Noteholders losing some or all of their investment.

For a more detailed discussion of the risks that arise as a result of the Banking Act or the RRD, please refer to the risk factor in the Registration Document entitled "Applicable Bank Resolution Powers", which is incorporated into this Base Prospectus by reference.

(f) ***Change of law***

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, except for certain provisions set out in General Condition 19 (*Governing Law*), which will be governed by, and construed in accordance with Finnish law or Swedish Law (as applicable). No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Accordingly, Noteholders are exposed to the risk that their rights in respect of the Notes may be varied, which may result in an investment in any Notes becoming less advantageous.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and to form part of, this Base Prospectus, save that any documents incorporated by reference in any of the documents set forth below do not form part of this Base Prospectus:

1. the registration document (the "**Registration Document**") of the Issuer dated 19 July 2017;

2. the annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2016 of the Issuer, which has previously been published and filed with the Financial Conduct Authority ("**FCA**");

3. the annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2017 of the Issuer, which has previously been published and filed with the FCA;

4. the General Terms and Conditions of the Notes contained on pages 141 to 172 of the £2,000,000,000 Impala Structured Notes Base Prospectus dated 20 July 2016 (the "**2016 Base Prospectus**") (the "**2016 General Conditions**");

5. Part B (*Equity-Linked Notes/Index-Linked Notes/Dual Underlying Linked Notes*) contained on pages 219 to 273 of the 2016 Base Prospectus (the "**2016 Terms for Equity-Linked Notes/Index-Linked Notes/Dual Underlying Linked Notes**");

6. Part C (*Standard Terms for Inflation Linked Notes*) contained on pages 291 to 301 of the 2016 Base Prospectus (the "**2016 Terms for Inflation Notes**");

7. Part D (*Additional Terms and Conditions of the Secured Notes*) contained on pages 302 to 306 of the 2016 Base Prospectus (the "**2016 Terms for Secured Notes**");

8. Part E (*Additional Terms and Conditions of the Credit-Linked Notes*) contained on pages 307 to 322 of the 2016 Base Prospectus (the "**2016 Terms for Credit-Linked Notes**" and together with the 2016 General Conditions, the 2016 Terms for Equity-Linked Notes/Index-Linked Notes, the 2016 Terms for Inflation Notes and the 2016 Terms for Secured Notes, the "**2016 Conditions**");

9. The Final Terms contained at pages 173 to 204 in the base prospectus dated relating to the programme dated 20 July 2016 (the "**2016 Final Terms**");

10. the General Terms and Conditions of the Notes contained on pages 123 to 153 of the £2,000,000,000 Impala Structured Notes Base Prospectus dated 21 July 2015 (the "**2015 Base Prospectus**") (the "**2015 General Conditions**");

11. Part B (*Equity-Linked Notes/Index-Linked Notes/Dual Underlying Linked Notes*) contained on pages 200 to 259 of the 2015 Base Prospectus (the "**2015 Terms for Equity-Linked Notes/Index-Linked Notes/Dual Underlying Linked Notes**");

12. Part C (*Standard Terms for Inflation Linked Notes*) contained on pages 260 to 270 of the 2015 Base Prospectus (the "**2015 Terms for Inflation Notes**");

13. Part D (*Additional Terms and Conditions of the Secured Notes*) contained on pages 271 to 275 of the 2015 Base Prospectus (the "**2015 Terms for Secured Notes**");

14. Part E (*Additional Terms and Conditions of the Credit-Linked Notes*) contained on pages 276 to 289 of the 2015 Base Prospectus (the "**2015 Terms for Credit-Linked Notes**" and together with the 2015 General Conditions, the 2015 Terms for Equity-Linked Notes/Index-Linked Notes, the 2015 Terms for Inflation Notes and the 2015 Terms for Secured Notes, the "**2015 Conditions**");

15. The Final Terms contained at pages 154 to 182 in the base prospectus dated relating to the programme dated 21 July 2015 (the "**2015 Final Terms**");

16. the General Terms and Conditions of the Notes contained on pages 100 to 129 of the £2,000,000,000 Impala Structured Notes Base Prospectus dated 22 July 2014 (the "**2014 Base Prospectus**") (the "**2014 General Conditions**");

17. Part B (*Equity-Linked Notes/Index-Linked Notes*) contained on pages 179 to 261 of the 2014 Base Prospectus (the "**2014 Terms for Equity-Linked Notes/Index-Linked Notes**");

18. Part C (*Standard Terms for Inflation Linked Notes*) contained on pages 262 to 272 of the 2014 Base Prospectus (the "**2014 Terms for Inflation Notes**");

19. Part D (*Additional Terms and Conditions of the Secured Notes*) contained on pages 273 to 275 of the 2014 Base Prospectus (the "**2014 Terms for Secured Notes**");

20. Part E (*Additional Terms and Conditions of the Credit-Linked Notes*) contained on pages 276 to 288 of the 2014 Base Prospectus (the "**2014 Terms for Credit-Linked Notes**" and together with the 2014 General Conditions, the 2014 Terms for Equity-Linked Notes/Index-Linked Notes, the 2014 Terms for Inflation Notes and the 2014 Terms for Secured Notes, the "**2014 Conditions**");

21. The Final Terms contained at pages 131 to 164 in the base prospectus dated relating to the programme dated 22 July 2014 (the "**2014 Final Terms**");

22. the General Terms and Conditions of the Notes contained on pages 84 to 112 of the £2,000,000,000 Impala Structured Notes Base Prospectus dated 23 July 2013 (the "**2013 Base Prospectus**") (the "**2013 General Conditions**");

23. Part B (*Equity-Linked Notes/Index-Linked Notes*) contained on pages 156 to 223 of the 2013 Base Prospectus (the "**2013 Terms for Equity-Linked Notes/Index-Linked Notes**");

24. Part C (*Standard Terms for Inflation Linked Notes*) contained on pages 224 to 232 of the 2013 Base Prospectus (the "**2013 Terms for Inflation Notes**");

25. Part D (*Additional Terms and Conditions of the Secured Notes with Credit-Linkage*) contained on pages 233 to 243 of the 2013 Base Prospectus (the "**2013 Terms for Secured Notes with Credit-Linkage**" and together with the 2013 General Conditions, the 2013 Terms for Equity-Linked Notes/Index-Linked Notes and the 2013 Terms for Inflation Notes, the "**2013 Conditions**"); and

26. The Final Terms contained at pages 113 to 140 in the base prospectus dated relating to the programme dated 23 July 2013 (the "**2013 Final Terms**");

27. the risk factors entitled "Risks in relation to Secured Notes with Credit Linkage" contained on pages 38 to 45 of the 2013 Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The documents incorporated by reference in this Base Prospectus shall not include any documents which are themselves incorporated by reference in such incorporated documents ("daisy chained" documents). Such daisy chained documents shall not form part of this Base Prospectus. Where only part of the documents listed above have been incorporated by reference, only information expressly incorporated by reference herein shall form part of this document and the non-incorporated parts are either not relevant for the investor or covered elsewhere in this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from (i) the registered office of the Issuer at 2 Gresham Street, London EC2V 7QP and from the specified offices of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, (ii) the CREST Registrar at The Pavilions, Bridgwater Road, Bristol BS13 8AE, (iii) the Nordic Paying Agent at

Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden, (iv) the Italian Paying Agent at Piazza del Calendario 3, 20126 Milan, Italy, and (iv) the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

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

DESCRIPTION OF THE FEATURES OF THE NOTES

This section provides details of how an investment in the Notes works and how payments under the Notes are calculated.

Introduction

Under the Programme, the Issuer may from time to time issue "**Equity Linked Notes**", "**Index Linked Notes**", "**Dual Underlying Linked Notes**", "**Inflation Linked Notes**" and "**Combined Underlying Linked Notes**" (together the "**Underlying Linked Notes**"). The Issuer may also issue Notes expressed to be "**Fixed Rate Notes**", "**Floating Rate Notes**", "**Secured Notes**", and "**Credit Linked Notes**".

Underlying Linked Notes may also be Fixed Rate Notes, Floating Rate Notes, Secured Notes and/or Credit Linked Notes. If Notes are not designated to be Underlying Linked Notes, such Notes may be Fixed Rate Notes, Floating Rate Notes, Secured Notes and/or Credit Linked Notes.

Fixed and Floating Rate Notes

The Fixed Rate Notes and Floating Rate Notes are Notes in relation to which the interest payable is at a fixed rate or a floating rate respectively.

Single Underlying Linked Notes

"**Equity Linked Notes**" are Notes in relation to which some or all of the interest payable (if any) and/or the redemption amount payable at maturity is determined by the performance of a single share in a company or exchange traded fund which is listed on a stock exchange or a basket of such shares.

"**Index Linked Notes**" are Notes in relation to which some or all of the interest payable (if any) and/or the redemption amount payable at maturity is determined by the performance of an index, being the FTSE® 100 Index, FTSE® All-World Index, the S&P 500® Index, the EuroSTOXX® Index, the MSCI® Index, the MSCI® Emerging Markets Index, the HSCEI Index, the DAX Index, the S&P ASX 200 (AS51) Index, the CAC 40 Index, the Nikkei, the JSE Top40 Index, the Finvex Sustainable Efficient Europe 30 Price Index, the Finvex Sustainable Efficient World 30 Price Index, the BNP Paribas SLI Enhanced Absolute Return Index, the Tokyo Stock Exchange Price Index, the EVEN 30™ Index, the EURO 70™ Low Volatility Index or any other index specified in the applicable Final Terms, or a basket of such indices.

"**Inflation Linked Notes**" are notes in relation to which some or all of the interest payable (if any) and/or the redemption amount payable at maturity is determined by the performance of an inflation index, being the UK Retail Price Index (the "**RPI**") or any other inflation index specified in the applicable Final Terms.

The underlying index, share, basket of indices or basket of shares or inflation index used to determine the interest and/or redemption amount payable on the Equity Linked Notes, Index Linked Notes or Inflation Linked Notes is referred to as the "**Underlying**".

Multiple Underlying Linked Notes

"**Dual Underlying Linked Notes**" are Notes in relation to which the redemption amount payable at maturity is determined by the performance of two separate underlyings, being any combination of the eligible underlyings for Equity Linked Notes and/or Index Linked Notes.

"**Combined Underlying Linked Notes**" are Notes in relation to which interest amounts and the redemption amount payable at maturity is determined by the performance of two separate underlyings, an inflation-linked index and any eligible underlying for Equity Linked Notes and/or Index Linked Notes.

In each case, one of these underlying assets will be identified in the applicable Final Terms (as defined below) as the "**Return Underlying**" and the other will be identified as the "**Risk Underlying**", the Risk Underlying and the Return Underlying together will be used to determine the redemption amount payable in relation to the Dual Underlying Linked Notes or Combined Underlying Linked Notes (as applicable) and are referred to as the "**Underlyings**".

A document known as a "**Final Terms**" will be prepared for each issue of Notes. The Final Terms will give further details of the Underlying(s) (including where information about such Underlying may be obtained) and any fixed rate or floating rate of interest, and details of how payments in respect of the Notes will be calculated.

Amounts payable on the Notes

Unless it has been redeemed (i.e. repaid) early, a Note will be redeemed at the end of its term on the "**Maturity Date**", provided that certain types of Equity Linked Notes, Index Linked Notes and Dual Underlying Linked Notes may redeem early ("**kick-out**") on certain specified dates before the Maturity Date depending on the performance of the relevant Underlying ("**Kick Out Notes**").

Any Notes which are not specified to be Underlying Linked Notes will be specified to redeem at an amount per calculation amount of the Notes.

The redemption amount (and any underlying linked interest) payable in respect of Underlying Linked Notes will depend on the redemption and settlement provisions ("**Redemption Provisions**") which apply to such Note and may depend on the performance of the relevant Underlying(s) specified in relation to such Notes.

The Final Terms for Equity Linked Notes and Index Linked Notes will specify one of the following sets of Redemption Provisions to apply:

1. Kick Out Notes with Capital at Risk;
2. Kick Out Notes without Capital at Risk;
3. Phoenix Kick Out Notes with Capital at Risk;
4. Upside Notes with Capital at Risk;
5. Upside Notes without Capital at Risk;
6. Geared Booster Notes with Capital at Risk;
7. Lock-In Call Notes with Capital at Risk;
8. N Barrier (Income) Notes with Capital at Risk;
9. Range Accrual (Income) Notes with Capital at Risk;
10. Range Accrual (Income) Notes without Capital at Risk;
11. Reverse Convertible Notes with Capital at Risk;

The Final Terms for Dual Underlying Linked Notes will specify one of the following sets of Redemption Provisions to apply:

1. Dual Underlying Kick Out Notes with Capital at Risk; or
2. Dual Underlying Upside Notes with Capital at Risk.

The Final Terms for Inflation Linked Notes will specify one of the following sets of Redemption Provisions to apply:

1. Inflation Linked Notes without Capital at Risk;
2. Inflation (Interest only) Linked Notes without Capital at Risk; or
3. Inflation Linked Notes with Capital at Risk.

The Final Terms for Combined Underlying Linked Notes will specify that one of the following set of Redemption Provisions applies:

1. Combined Underlying Linked Upside Notes with Capital at Risk; or

2. Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk.

Settlement at Redemption

Index Linked Notes, Dual Underlying Linked Notes, Inflation Linked Notes, Dual Underlying Linked Notes and Combined Underlying Linked Notes will be "**cash-settled**", meaning that on redemption of the Notes at maturity or in the event of a kick out investors will receive a cash amount determined in accordance with the relevant set of Redemption Provisions.

Equity Linked Notes may also be cash settled. However, "**Equity Linked Physical Settlement**" may be specified in relation to Equity Linked Notes, in which case, instead of receiving a cash amount calculated in accordance with the relevant set of Redemption Provisions, on redemption of the Notes at maturity or in the event of a kick out, Noteholders will receive an amount of the underlying shares (plus a cash amount in place of any fractional amount of shares) (the Notes will be "**physically settled**").

Equity Linked Notes may instead specify "**Downside Only Physical Settlement**" to be applicable. If Downside Only Physical Settlement is specified, then the Notes will be physically settled only if the performance of the Underlying fails to meet certain conditions. If such conditions are met, the Notes will be cash settled in accordance with the relevant Redemption Provisions.

If the "Worst of" or "Best of" feature (further described below) is applicable in respect of the determination of the final performance of a basket of shares and such Equity Linked Notes are physically settled, investors will receive a number of the worst or best (as applicable) performing shares in the basket (plus a cash amount in place of any fractional amount of shares) only, rather than receiving a number of each of the shares contained in the basket (plus a cash amount in place of any fractional amount of shares), in proportion to the weighting of such share in the basket.

Details of the amounts which will be payable (or deliverable) depending on the set of Redemption Provisions which are applicable are set out below, together with some worked examples illustrating how calculations are made in practice.

Interest Amounts payable on the Notes

The Notes may bear interest at a fixed rate or a floating rate and/or (in the case of Phoenix Kick Out Notes with Capital at Risk, N Barrier (Income) Notes with Capital at Risk, Range Accrual (Income) Notes with Capital at Risk, Range Accrual (Income) Notes without Capital at Risk, Inflation Linked Notes without Capital at Risk, Inflation (Interest only) Linked Notes without Capital at Risk, Inflation Linked Notes with Capital at Risk, Combined Underlying Linked Upside Notes with Capital at Risk and Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk) may pay interest at an amount linked to the performance of an Underlying, or the Notes may be non-interest bearing.

Set out below is a more detailed description of the various types of Note, together with worked examples of how interest and redemption amounts are calculated in relation to certain Notes.

Interest Payments on Fixed Rate Notes

If "Fixed Rate Note provisions" are specified as applicable in the applicable Final Terms, the Notes will bear interest at a fixed percentage rate. This is referred to in the Final Terms as the "**Rate of Interest**" and will either be expressed as a percentage rate per annum or a percentage rate for another fixed period.

In order to calculate the amount of interest or "**Interest Amount**" payable per Note for the period from and including the previous Interest Payment Date to but excluding the current Interest Payment Date (or, in the case of the first Interest Payment Date, the period from and including the date which is specified as being the "**Interest Commencement Date**" to but excluding the first Interest Payment Date) (each such period an "**Interest Period**"), the Calculation Agent will apply the Rate of Interest to the outstanding

principal amount of the and multiply the product by a fraction known as a "**Day Count Fraction**". The Day Count Fraction reflects the number of days in the period for which interest is being calculated. The Issuer may specify this interest as "**Fixed Coupon Amounts**" in the Final Terms.

If interest needs to be calculated for a period other than an Interest Period due to an unscheduled redemption of the Notes or the occurrence of a "kick out", the provisions above shall apply save that the period reflected by the Day Count Fraction shall be the period from and including the previous Interest Payment Date (or Interest Commencement Date, as applicable) to but excluding the relevant date of redemption.

The Interest Amount is due and payable in arrears on the relevant Interest Payment Date, unless the Notes are "**Cumulative Interest**" Notes. If the Notes are Cumulative Interest Notes, the Interest Amount calculated in respect of each Interest Period will not become due and payable on each Interest Payment Date, but will instead be due payable on each "**Cumulative Interest Payment Date**", on which date the sum of the Interest Amounts accrued since the previous Cumulative Interest Payment Date (or Interest Commencement Date, as applicable) will be payable.

Interest Payments on Floating Rate Notes

If "Floating Rate Note provisions" are specified as applicable in the applicable Final Terms, the Notes will bear interest at a Rate of Interest which is a variable percentage rate per annum or such other period as specified in the applicable Final Terms.

The Rate of Interest for Floating Rate Notes for a given Interest Period will be calculated by the Calculation Agent by reference either to:

(i) where "Screen Rate Determination" is specified as applicable in the applicable Final Terms, quotations provided electronically by banks in the "**Relevant Financial Centre**" specified in the applicable Final Terms; or

(ii) where "ISDA Determination" is specified as applicable in the applicable Final Terms, a notional interest rate on a swap transaction in the Specified Currency and,

in either case, where specified in the applicable Final Terms, the addition of an additional percentage rate per annum (known as the "**Margin**").

In order to calculate the "**Interest Amount**" payable per Note for the period from and including the previous Interest Payment Date to but excluding the current Interest Payment Date (or, in the case of the first Interest Payment Date, the period from and including the date which is specified as being the "**Interest Commencement Date**" to but excluding the first Interest Payment Date) (each such period an "**Interest Period**"), the Calculation Agent will apply the Rate of Interest to the outstanding principal amount of the Notes and multiply the product by a fraction known as a "**Day Count Fraction**". The Day Count Fraction reflects the number of days in the period for which interest is being calculated.

If interest needs to be calculated for a period other than an Interest Period due to an unscheduled redemption of the Notes or the occurrence of a "kick out", the provisions above shall apply save that the period reflected by the Day Count Fraction shall be the period from and including the previous Interest Payment Date (or Interest Commencement Date, as applicable) to but excluding the relevant date of redemption.

The Interest Amount is due and payable in arrears on the relevant Interest Payment Date, unless the Notes are "**Multiple Rate**" Notes. If the Notes are Multiple Rate Notes, the Interest Amount calculated in respect of each Interest Period will not become due and payable on each Interest Payment Date, but will instead be due payable on each "**Multiple Rate Payment Date**", on which date the sum of the Interest Amounts accrued since the previous Multiple Rate Payment Date (or Interest Commencement Date, as applicable) will be payable.

Where "**Minimum Interest Rate**" is specified in the applicable Final Terms, the Rate of Interest will be restricted from falling below a fixed percentage level per annum (i.e. a so-called "**floor**"). Where a "**Maximum Interest Rate**" is specified in the applicable Final Terms, the Rate of Interest will not exceed a fixed percentage level per annum (i.e. a so-called "**cap**").

Swedish Notes

In relation to Notes specified in the applicable Final Terms to be "**Swedish Notes**", any calculation of interest will be made as described above, except that in relation to such Notes the "**Interest Period**" will be the period from but excluding the previous Interest Payment Date to and including the current Interest Payment Date (or, in the case of the first Interest Payment Date, the period from but excluding the date which is specified as being the "**Interest Commencement Date**" to and including the first Interest Payment Date).

Interest payments linked to an Underlying

If the Notes are Phoenix Kick Out Notes with Capital at Risk, N Barrier (Income) Notes with Capital at Risk, Range Accrual (Income) Notes with Capital at Risk, Range Accrual (Income) Notes without Capital at Risk, Inflation Linked Notes without Capital at Risk, Inflation (Interest only) Linked Notes without Capital at Risk, Inflation Linked Notes with Capital at Risk, Combined Underlying Linked Upside Notes with Capital at Risk or Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk, some or all of the interest payments on the Notes may depend on the performance of an Underlying ("**Underlying Linked Interest**").

On each Interest Payment Date the Calculation Agent will determine any Underlying Linked Interest amounts payable to Noteholders on the basis of the Redemption Provisions relating to such Notes as completed by the applicable Final Terms. Details of the interest amounts which will be payable depending on the type of Note are set out below, together with some worked examples illustrating how calculations are made in practice.

Measuring the Performance of the Underlying

The calculations which are required to be made to determine the amounts payable in relation to each type of Equity Linked Note, Index Linked Note, Dual Underlying Linked Note, Inflation Linked Note or Combined Underlying Linked Note will be based on the level, price or value (as applicable) of the relevant Underlying(s) at certain specified times.

Measuring the "level" (in respect of an index or a basket of indices), "price" (in respect of a share) or "value" (in respect of a basket of shares) of an Underlying in relation to Equity Linked Notes, Index Linked Notes, Dual Underlying Linked Notes or Combined Underlying Linked Notes

Such level, price or value (as applicable) will be determined by reference either to a single date (known as the "**Valuation Date**") or several dates (known as "**Averaging Dates**") or (in relation to initial level, price or value (as applicable) only) by reference to the lowest level, price or value (as applicable) during a particular period, (this is referred to as the "**Best Strike**") or (in relation to final level, price or value (as applicable) only) by reference to the highest level, price or value (as applicable) during a particular period, (this is referred to as the "**Best Final**")as specified in the applicable Final Terms, as follows:

(i) if Averaging Dates are specified, the level, price or value (as applicable) will be the arithmetic mean of the levels or prices on the relevant Averaging Dates;

(ii) if "**Best Strike**" is specified as applicable in the applicable Final Terms in relation to the determination of the initial level, price or value (as applicable), the initial level, price or value (as applicable) will be the lowest level, price or value (as applicable) during a period from a specified "**Strike Start Date**" until a specified "**Strike End Date**", and if "**Best Final**" is specified as applicable in the applicable Final Terms in relation to the determination of the final level, price or value (as applicable), the final level, price or value (as applicable) will be the highest level, price or value (as applicable) during a period from a specified "**Best Final Start Date**" until a specified "**Best Final End Date**"

(iii) otherwise, the level, price or value (as applicable) will be determined as of the single date or dates specified as being the Valuation Date(s) in the applicable Final Terms.

Measurement of Baskets

Subject to the below, where the Underlying is a basket of shares or a basket of indices, the performance of such basket will be calculated by reference to the weighted average of the level of each index or price of each share (as applicable) comprising the basket as calculated in accordance with the above.

Where the applicable Final Terms specify that the "**Best of**" feature is applicable in relation to a particular determination of the performance of the Underlying (i.e. in relation to determination of the final price, level or value of the Underlying), the calculation of the performance of a basket for such purposes will be determined by reference to the index or share that has shown the best performance (i.e. the greatest increase or smallest decrease in level or price from its initial level or price) in comparison to the other indices or shares comprising the basket over a specified period of time only. Conversely, where the applicable Final Terms specify that the "**Worst of**" feature is applicable is applicable in relation to a particular determination of the performance of the Underlying, the calculation of the performance of a basket for such purposes will be determined by reference to the index or share that has shown the worst performance (i.e. the smallest increase or greatest decrease in level or price from its initial level or price) in comparison to the other indices or shares comprising the basket over a specified period of time only.

Measuring the "level" (in respect of an inflation index) of an Underlying in relation to Inflation Linked Notes or Combined Underlying Linked Notes

The level in respect of an inflation index will be determined by reference to a single date (known as the "**Valuation Date**")".

FX Factors

The Redemption Provisions for certain types of Notes specify that an "**FX Factor**" (being a factor based on the exchange rate between the currency of the Notes (being the "**Specified Currency**") and another specified currency (the "**FX Currency**") (in each case specified in the applicable Final Terms) may apply either to the entire redemption amount payable to investors, or certain specified parts of the return (i.e. an FX Factor may be specified to apply to any positive return on the Note). The different FX Factors which may apply by virtue of the particular Redemption Provisions applicable to a Note (being "**Note specific FX Factors**") are further described in the overview and worked examples for each type of Note set out in "*Description of Potential Payouts*" below.

In addition to the Note specific FX Factors, certain other FX Factors may apply regardless of the Redemption Provisions applicable to the Notes. If:

(i) "**Interest FX Amount**" is specified to be applicable, any fixed or floating Interest Amount payable in respect of the Notes will be multiplied by an FX Factor;

(ii) "**Final Redemption FX Factor**" is specified as applicable, any final redemption amount payable under the Notes (including any redemption amount calculated by reference to a set of Redemption Provisions), will be multiplied by an FX Factor; and

(iii) "**Early Redemption FX Factor**" is applicable, any early redemption amount payable on the Notes (as a result of an early redemption pursuant to the Conditions of the Notes), will be multiplied by an FX Factor.

Return Factor

The Redemption Provisions for certain types of Notes specify that a "**Return Factor**" (being a fixed percentage return specified in the applicable Final Terms) may apply to the return of initial capital under the Notes. Any Return Factor which may apply to the Notes by virtue of the particular set of Redemption Provisions applicable to such Note are further described in the overview and worked examples for each type of Note set out in "*Description of Potential Payouts*" below.

Credit Linkage

In addition to the return on the Notes having the payout features discussed above, the Notes may be linked to the credit of one or more entities referred to as a "**Reference Entity**", being a specified financial institution or corporation listed on a regulated exchange or any state, political subdivision or government,

or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof (a "**Sovereign**") (such Notes being "**Credit Linked**" Notes). The applicable Final Terms for the Credit Linked Notes will specify the portion of such Notes which are subject to credit linkage (the "**Credit Linked Portion**").

In this way Credit Linked Notes may be linked to the performance of one or more Underlyings by virtue of being subject to one of the sets of Redemption Provisions set out above, but, in addition, the risk to the return of the investors initial investment in the Credit Linked Portion is also dependent on the credit of one or more Reference Entities.

Single Name CLNs, Basket CLNs and Index CLNs

Credit Linked Notes may be linked to a single Reference Entity specified in the applicable Final Terms ("**Single Name CLNs**"), to two or more Reference Entities specified in the applicable Final Terms ("**Basket CLNs**") or a number of Reference Entities determined by reference to an index ("**Index CLNs**"). The applicable Final Terms for Basket CLNs and Index CLNs will specify the percentage of the Credit Linked Portion (the "**Relevant Portion**") linked to each Reference Entity (such percentage the "**Reference Entity Weighting**"). If "**Equal Weighting**" is specified to apply, the Reference Entity Weighting for each Reference Entity will be equal.

In relation to a Single Name CLN, the risk to the return of the investor's entire investment in the Credit Linked Portion of the Notes will be dependent on whether or not a Credit Event (in respect of a Credit Linked Note with Simplified Credit Linkage, as further discussed below) or a CDS Event (in respect of a Credit Linked Note with ISDA Credit Linkage, as further discussed below) has occurred in relation to the single named Reference Entity.

If the Credit Linked Notes are Basket CLNs or Index CLNs, then the risk to the return of the investor's investment in a Relevant Portion of the Notes will be dependent on whether or not a Credit Event (in respect of a Credit Linked Note with Simplified Credit Linkage, as further discussed below) or a CDS Event (in respect of a Credit Linked Note with ISDA Credit Linkage, as further discussed below) has occurred in relation to the relevant Reference Entity to which such Relevant Portion is linked. For example, if there are five Reference Entities, the Relevant Portion for each Reference Entity may be specified as 20 per cent. and accordingly, if a Credit Event (in respect of a Credit Linked Note with Simplified Credit Linkage) or a CDS Event (in respect of a Credit Linked Note with ISDA Credit Linkage) occurs in relation to one of the Reference Entities, a 20 per cent. portion of the investor's initial investment in the Credit Linked Portion will be at risk.

Tranched CLNs

Alternately, the Credit Linked Notes may be "**Tranched CLNs**". Tranched CLNs may be linked to two or more Reference Entities specified in the applicable Final Terms or a number of Reference Entities determined by reference to an index. However, unlike Basket CLNs or Index CLNs, no part of the investor's initial investment in the Notes will be at risk unless Reference Entities (each of which will be assigned an initial weighting) representing a specified percentage of the Credit Linked Portion are subject to a Credit Event or CDS Event (as applicable and as discussed below) (such specified proportion of Reference Entities becoming subject to a Credit Event or CDS Event (as applicable) being "**Tranched CLN Trigger Event**").

In relation to Tranched CLNs:

(a) if "**Equal Weighting**" is specified to be applicable in relation to the Notes, then on the occurrence of a Tranched CLN Trigger Event, an equally weighted percentage portion of the Credit Linked Portion will be credit linked to each of the Reference Entities in relation to which no Credit Event or CDS (as applicable) has occurred as at the date of such Tranched CLN Trigger Event (such portion the "**Relevant Portion**"); and

(b) if "**Fixed CLN Percentage**" is specified to be applicable in relation to the Notes, if any of the Reference Entities not subject to a Credit Event or CDS Event (as applicable) as at the date of the Tranched CLN Trigger Event becomes subject to a Credit Event or CDS Event (as applicable) following such Tranched CLN Trigger Event, a specified percentage portion of the Credit Linked Portion (which may be 100 per cent.) (the "**Relevant Portion**") will be deemed to have been

linked to such Reference Entity at the time such Credit Event or CDS Event occurred (as applicable).

The risk to the return of the investor's investment in a Relevant Portion of the Notes will be dependent on whether or not a Credit Event (in respect of a Credit Linked Note with Simplified Credit Linkage, as further discussed below) or a CDS Event (in respect of a Credit Linked Note with ISDA Credit Linkage, as further discussed below) has occurred in relation to the relevant Reference Entity to which such Relevant Portion is linked.

Parallel Credit Linkage

If the Parallel Credit Linkage Provisions are specified in the applicable Final Terms as being applicable to Notes, in addition to being linked to the credit of the Reference Entity/Entities as described above, 100 per cent. of the Notes will also linked to the credit of a parallel credit reference entity (the "**Parallel Credit Reference Entity**"). In this way, the risk to the return of the entirety of the investor's initial investment in the Credit Linked Notes is dependent on the credit of the Parallel Credit Reference Entity.

Simplified Credit Linkage and ISDA Credit Linkage

In addition to specifying whether a Credit Linked Note is a Single Name CLN, a Basket CLN, an Index CLN or a Tranched CLN, the applicable Final Terms will also specify whether International Swaps and Derivative Association ("**ISDA**") credit linkage ("**ISDA Credit Linkage**") applies, or whether a simplified form of credit linkage ("**Simplified Credit Linkage**") applies. The features of ISDA Credit Linkage and Simplified Credit Linkage are further discussed below.

Simplified Credit Linkage - Single Name CLNs, Basket CLNs and Index CLNs

Where Simplified Credit Linkage is applicable in relation to Single Name CLNs, Basket CLNs and Index CLNs, if a Reference Entity becomes insolvent, defaults on its payment obligations or is the subject of governmental intervention (expected to apply primarily to financial institutions) or a restructuring of its debt obligations (a "**Credit Event**"), then the redemption amount of such Relevant Portion (the "**Credit Event Redemption Amount**") will be the fair and reasonable value of such Relevant Portion of the Note (taking into account movements in the performance of the Underlying, volatility, interest rates, time to expiry and hedging costs but disregarding the effect of the Credit Event in respect of such Reference Entity on the initial investment) multiplied by the "**Recovery Rate**".

Simplified Credit Linkage - Tranched CLNs

Where Simplified Credit Linkage is applicable in relation to a Tranched CLN and a Tranched CLN Trigger Event has occurred, if any remaining Reference Entity becomes subject to a CDS Event, then the Credit Event Redemption Amount of the Relevant Portion of the Note relating to such Reference Entity will be zero.

Simplified Credit Linkage – Recovery Rate

The Recovery Rate is either:

(i) if "**General Recovery Rate**" is specified in the applicable Final Terms, a rate or percentage determined by reference to an auction process coordinated by ISDA in respect of certain obligations of the relevant Reference Entity/Entities (as further described below) or, in certain circumstances, including if such an auction is not held, a market price as determined by the Calculation Agent;

(ii) if "**Zero Recovery Rate**" is specified in the applicable Final Terms, zero; or

(iii) if "**Fixed Recovery Rate**" is specified in the applicable Final Terms, a fixed recovery percentage specified in such applicable Final Terms;

If a "**General Recovery Rate**" is specified and such Recovery Rate in respect of a Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion.

Where General Recovery Rate is specified, in some circumstances it may not be possible to determine the Recovery Rate (and hence the amount payable in respect of the Relevant Portion relating to the relevant Reference Entity/Entities) by the Maturity Date of the Notes. In such circumstances, the Maturity Date may be postponed by up to 60 calendar days plus five business days.

If a "**Zero Recovery Rate**" is specified in respect of a Reference Entity, an investor will receive zero in relation to the Relevant Portion.

If a "**Fixed Recovery Rate**" is specified in respect of a Reference Entity, and the fixed recovery percentage specified in the Final Terms is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion.

ISDA Credit Linkage

ISDA Credit Linkage - Single Name CLNs, Basket CLNs and Index CLNs

Where ISDA Credit Linkage is specified as being applicable in relation to Single Name CLNs, Basket CLNs and Index CLNs, if a Reference Entity or a Parallel Credit Reference Entity is subject to a CDS event (broadly speaking, becomes insolvent, fails to pay amounts due on obligations or is subject to a restructuring of debt obligations in a manner that is detrimental to creditors) (a "**CDS Event**") then the return on the Relevant Portion of the Note (or, if a CDS Event has occurred in respect of a Parallel Credit Reference Entity, the whole Note) (the "**CDS Event Redemption Amount**") will be:

(i) if "Option A" is specified as applicable in relation to the CDS Event Redemption Amount in the applicable Final Terms, the fair and reasonable value of the Relevant Portion of the Note (taking into account movements in the performance of the Underlying, volatility, interest rates, time to expiry and hedging costs but disregarding the effect of the Credit Event in respect of such Reference Entity on the initial investment) multiplied by the "**Recovery Rate**"; or

(ii) if "Option B" is specified as applicable in relation to the "CDS Event Redemption Amount" in the applicable Final Terms, the outstanding notional amount of the Relevant Portion of the Note multiplied by the "**Recovery Rate**", and adding/subtracting (as applicable) any hedging costs.

ISDA Credit Linkage - Tranched CLNs

Where Simplified Credit Linkage is applicable in relation to Tranched CLNs, where a Tranched CLN Trigger Event has occurred, if any remaining Reference Entity becomes subject to a CDS Event, then the CDS Event Redemption Amount of the Relevant Portion of the Note relating to such Reference Entity will be zero.

ISDA Credit Linkage – Recovery Rate

The Recovery Rate is either:

(i) if "**General Recovery Rate**" is specified in the applicable Final Terms, a rate or percentage determined in accordance with the "**Auction Process**" as described below (or, if an auction is not held, the General Recovery Rate will be determined with reference to the "**Final Price**" of the obligations of the Reference Entity with the lowest market value. The Final Price will be determined by obtaining quotations from dealers in the relevant obligation and using the highest quotation obtained. In the event that less than two quotations are available, the Final Price will be the value of any dealer quotation received in respect of the relevant obligation);

(ii) if "**Specific Recovery Rate**" is specified in the applicable Final Terms, a rate or percentage that represents the market value of a specified debt obligation (as specified in the Final Terms) of the Reference Entity as determined by the Calculation Agent;

(iii) if "**Zero Recovery Rate**" is specified in the applicable Final Terms, zero; or

(iv) if "**Fixed Recovery Rate**" is specified in the applicable Final Terms, a fixed recovery percentage specified in such applicable Final Terms.

If either a "**General**" or "**Specific**" Recovery Rate is specified and such Recovery Rate in respect of a Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion. If either a "**General**" or "**Specific**" Recovery Rate is specified and such Recovery Rate in respect of the Parallel Credit Reference Entity is less than 100 per cent., an investor may get back less than their initial investment in relation to the entire Note.

If either General or Specific Recovery Rate is specified, in some circumstances it may not be possible to determine the Recovery Rate (and hence the amount payable in respect of the Relevant Portion relating to the relevant Reference Entity/Entities) by the Maturity Date of the Notes. In such circumstances, the Maturity Date may be postponed until such General or Specific Recovery Rate can be determined.

If a "**Fixed Recovery Rate**" is specified in respect of a Reference Entity, and the fixed recovery percentage specified in the Final Terms is less than 100 per cent., an investor may get back less than their initial investment in relation to the Relevant Portion. If a "**Fixed Recovery Rate**" is specified in respect of a Parallel Credit Reference Entity, and the fixed recovery percentage specified in the Final Terms is less than 100 per cent., an investor may get back less than their initial investment in the Notes.

If a "**Zero Recovery Rate**" is specified in respect of a Reference Entity, an investor will receive zero in relation to the Relevant Portion. If a "**Zero Recovery Rate**" is specified in respect of a Parallel Credit Reference Entity, an investor will receive zero in relation to the entire Note.

Following a CDS Event in relation to a Reference Entity or the Parallel Credit Reference Entity, the redemption date of the Relevant Portion of the Note (or the whole Note, as applicable) may (if the relevant option is specified in the Final Terms) also potentially change so that it falls on a date that a seller of credit protection in respect of the Reference Entity or the Parallel Credit Reference Entity under a market standard document would be obliged to settle their obligations.

Auction Process – General Recovery Rate (Simplified and/or ISDA Credit Linkage)

General Recovery Rate is determined by reference to an auction coordinated by ISDA in respect of certain obligations of the relevant Reference Entity or Parallel Credit Reference Entity, or, in certain circumstances, including if such an auction is not held, a market price as determined by the Calculation Agent. If the Recovery Rate is less than 100 per cent., an investor may get back less than their initial investment in respect of the Relevant Portion (or the whole Note, as relevant).

In the case of a "Restructuring" credit event, a relevant committee established by ISDA for the purposes of reaching certain resolutions in connection with credit derivatives transactions (the "**Credit Derivatives Determinations Committee**") may decide that more than one auction will be held, with each auction being based on obligations of the Reference Entity or the Parallel Credit Reference Entity having specific maturity limitations. If this concept is applicable, broadly speaking, each auction will be based on a "bucket" of obligations of the Reference Entity or the Parallel Credit Reference Entity having a limited maturity date, for example, falling between 2.5 years to 5 years, 5 years to 7.5 years, etc. following the date of the relevant restructuring. The relevant Auction Final Price for a particular market standard credit derivative will be the price generated by the auction for the relevant bucket having a maturity limitation range that relates to the termination date of the relevant credit derivative. This multiple auction approach will only apply if a market credit derivative referencing the particular Reference Entity or Parallel Credit Reference Entity would specify that this approach applies.

Further details of how such credit-linkage works, together with a worked example illustrating how the relevant calculations are made in practice, are set out below.

Credit Linked FX Factor

If "**Credit Linked FX Amount**" is specified to be applicable, any CDS Event Redemption Amount or Credit Event Redemption Amount payable in respect of the Notes will be multiplied by an FX Factor.

DESCRIPTION OF POTENTIAL PAYOUTS

Set out below are explanations of how the payments and redemption operate in relation to the various types of Notes, together with worked examples.

The following table sets out for each type of Note details of where the following can be found in this Base Prospectus:

(i) an explanation of the payments under such Note and a related worked example; and

(ii) the technical formula that will be used for calculating the redemption amount of such Note.

Type of Note	**Explanation of payments and worked example**	**Technical Formula for redemption amount of related Notes**
Equity/Index Linked Notes		
Kick Out Notes with Capital at Risk (Capital Downside applicable)	Pages 81 to 91	Pages 303 to 306
Kick Out Notes without Capital at Risk	Pages 92 to 95	Pages 307 to 308
Phoenix Kick Out Notes with Capital at Risk	Pages 96 to 100	Pages 309 to 311
Upside Notes with Capital at Risk (FX Factors and the Return Factor applicable)	Pages 101 to 111	Pages 312 to 315
• Worked Example	Pages 105 to 108	
• Alternate Worked Example – Downside Only Physical Settlement	Pages 108 to 111	
Upside Notes without Capital at Risk	Pages 112 to 114	Pages 316 to 317
Geared Booster Notes with Capital at Risk	Pages 115 to 120	Pages 318 to 319
Lock-In Call Notes with Capital at Risk	Pages 121 to 124	Pages 322 to 323
N Barrier (Income) Notes with Capital at Risk	Pages 125 to 129	Pages 324 to 326
Range Accrual (Income) Notes with Capital at Risk	Pages 130 to 134	Pages 327 to 329
Range Accrual (Income) Notes without Capital at Risk	Pages 135 to 137	Pages 330 to 331
Reverse Convertible Notes with Capital at Risk (with Fixed Rate Interest payable)	Pages 138 to 142	Pages 332 to 333
• Worked Example	Pages 140 to 142	
• Alternate Worked Example - Simplified Credit Linkage and General Recovery Rate (Single Name/Basket CLN/Index CLN)	Pages 143 to 145	
• Alternate Worked Example - Simplified Credit Linkage (Tranched CLN)	Pages 146 to 147	

Type of Note	Explanation of payments and worked example	Technical Formula for redemption amount of related Notes
Dual Underlying Linked Notes		
Dual Underlying Kick Out Notes with Capital at Risk	Pages 148 to 154	Pages 334 to 336
Dual Underlying Upside Notes with Capital at Risk	Pages 155 to 160	Pages 337 to 339
Inflation Linked Notes		
Inflation Linked Notes without Capital at Risk	Pages 161 to 163	Pages 384 to 385
Inflation (Interest only) Linked Notes without Capital at Risk	Pages 164 to 165	Pages 385 to 386
Inflation Linked Notes with Capital at Risk	Pages 166 to 168	Pages 386 to 387
Combined Underlying Linked Notes		
Combined Underlying Linked Upside Notes with Capital at Risk	Pages 169 to 175	Pages 396 to 399
Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk	Pages 176 to 180	Pages 400 to 402

As set out in "*Description of the Features of the Notes*" above, the redemption amount of each Note (with the exception of Dual Underlying Linked Notes and Combined Underlying Linked Notes) will in all cases reflect the performance of the underlying share (which may be a share in an exchange traded fund) or basket of shares (which may be a basket of shares in exchange traded funds), underlying index or basket or indices or inflation index (the "**Underlying**"), as applicable. The redemption amount of Dual Underlying Linked Notes and Combined Underlying Linked Notes will reflect the performance of two underlying assets; one of these underlying assets will be specified as the "**Return Underlying**" (which, in relation to Dual Underlying Linked Notes will be one of the index or share underlyings described above, and, in relation to Combined Underlying Linked Notes, will be an inflation index) and the other will be specified as the "**Risk Underlying**" (which will be one of the index or share underlyings described above), the Risk Underlying and the Return Underlying together being the "**Underlyings**" the which the Dual Underlying Linked Note or Combined Underlying Linked Note (as applicable) is linked.

(i) The "**Underlying"** in respect of the Notes described in the table above as "Equity/Index Linked Notes" may be a share or basket of shares (such Notes being "**Equity Linked**") or an index or basket of indices (such Notes being "**Index Linked**"). For the purposes of illustration, the worked examples in respect of Kick Out Notes with Capital at Risk, Kick Out Notes without Capital at Risk, Phoenix Kick Out Notes with Capital at Risk and Reverse Convertible Notes with Capital at Risk describe Index Linked Notes while the worked examples in respect of Upside Notes with Capital at Risk, Upside Notes without Capital at Risk, Geared Booster Notes with Capital at Risk, Lock-In Call Notes with Capital at Risk, N Barrier (Income) Notes with Capital at Risk, Range Accrual (Income) Notes with Capital at Risk and Range Accrual (Income) Notes without Capital at Risk contemplate Equity Linked Notes. It should be noted that in respect of the "**Equity/Index Linked Notes**" any of the Notes may be either Index Linked or Equity Linked.

(ii) The two "**Underlyings**" in respect of the Notes described in the table above as "Dual Underlying Linked Notes" may be any combination of single shares, single indices, baskets of indices and baskets of shares. One of the Underlyings will be specified as the "**Risk Underlying**" while the other will be specified as the "**Return Underlying**". For the purposes of illustration, the worked example in relation to Dual Underlying Kick Out Notes with Capital at Risk contemplates a scenario where both the Return Underlying and the Risk Underlying are composed single indices

and the worked example in relation to Dual Underlying Upside Notes with Capital at Risk contemplates a scenario where the Return Underlying is a single index and the Risk Underlying is a single share. It should be noted that in respect of any of the "**Dual Underlying Linked Notes**", either of the Underlyings may be single shares, single indices, baskets of indices and baskets of shares and the payments under such Notes will be calculated in an identical manner regardless of the exact combination of Underlyings.

(iii) The "**Underlying"** in respect of the Notes described in the table below as "Inflation Linked Notes" will be an inflation index.

(iv) The two "**Underlyings**" in respect of the Notes described in the table above as "Combined Underlying Linked Notes" will be an inflation-linked index (the "**Return Underlying**") and any one of a single share, a single index, a basket of indices or a basket of shares (the "**Risk Underlying**"). For the purposes of illustration, the worked example in relation to Combined Underlying Linked Upside Notes with Capital at Risk contemplates a scenario where the Risk Underlying is a single share. It should be noted that in respect of Combined Underlying Linked Upside Notes with Capital at Risk or Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk ,the Risk Underlying may be single index, basket of indices or a basket of shares and the payments under such Notes will be calculated in an identical manner regardless of the nature of the Risk Underlying.

The overviews and worked examples assume that there are no "disrupted days" (e.g. days on which the relevant stock exchange is not open for business),

Each worked examples in relation to Notes which may include any Note-specific FX Factor(s) specifies whether such Note-specific FX Factors are deemed to apply for the purposes of such worked example. The worked examples assume that no Final Redemption FX Factor, Interest FX Factor, Early Redemption FX Factor or Credit Linked FX Factor is deemed to apply.

1. **Kick Out Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Early Redemption on Kick Out

The Notes have the potential for early maturity (kick out) on a certain date or dates specified in the Final Terms, depending on the performance of the Underlying at that time.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on any kick out an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, an investor will receive a cash amount equal to their initial investment *plus* a fixed percentage payment (which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and another specified currency (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Kick Out FX Factor**")).

Final Redemption

If there has been no kick out, the return on the Notes at maturity will be based on the performance of an Underlying (which performance, if "**Capital Downside**" is specified to be applicable will be calculated by reference to two sets of provisions; one of which will determine any additional return payable to the investor (the "**Upside Provisions**"), and the other which will determine the capital at risk (the "**Downside Provisions**")) and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which Equity Linked Physical Settlement is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for Kick Out Notes with Capital at Risk are as follows:

Scenario A – Upside Return or Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying (and, where Capital Downside is specified to be applicable, either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying), an investor will receive:

(i) if "**Digital Return**" is specified, a cash amount equal to their initial investment multiplied by a specified percentage return; or

(ii) if "**Upside Return**" is specified, a cash amount equal to their initial investment *plus* a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions), which percentage may be subject to a cap (i.e.

maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**"),

(which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 1**").

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying and (ii) the Barrier Condition is satisfied (or, if Capital Downside is applicable, the Barrier Condition is not satisfied but the level, price or value (as applicable) of the Underlying (as calculated in accordance with the Downside Provisions) is greater than such specified percentage of the initial level, price or value (as applicable) of the Underlying), an investor will receive a cash amount equal to their initial investment (which cash amount may be multiplied by FX Factor 1) with no additional return .

Scenario C – Positive Return or Loss of Investment (Capital Downside products only)

Where Capital Downside is specified to be applicable and, at maturity the final level, price or value (as applicable) of the Underlying (as calculated in accordance with the Upside Provisions) is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying, then investors will receive:

(i) if Digital Return is specified, a cash amount equal to their initial investment multiplied by a specified percentage return, reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"),

(which cash amount may be multiplied by FX Factor 1); or

(ii) if Upside Return is specified:

(a) a cash amount equal to their initial investment reduced by either:

(X) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the

Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(Y) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"), *plus*

(b) a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and the final level, price or value (as applicable) of the Underlying (determined in accordance with the Upside Provisions), which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**"),

(which cash amount may be multiplied by FX Factor 1).

Scenario D – Loss of Investment

If at maturity the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (i) the Barrier Condition is not satisfied (or no Barrier Condition is specified) and (ii) where Capital Downside is specified to be applicable, the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying then investors will receive:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, then an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"),

(which cash amount may be multiplied by FX Factor 1).

*The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Kick Out Notes with Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance of the FTSE® 100 index (the "**Index**") and assumes an initial investment of GBP1,000 and an "**Initial Index Level**" (i.e. starting level) of 6,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that at no point during the term of the Note (being the "**Observation Period**") has the level of the Index fallen below 3,600 (i.e. 60 per cent. of the Initial Index Level, being the "**Barrier Threshold**")).

"**Capital Downside**" is applicable.

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

"**FX Factor 1**" and "**Kick Out FX Factor**" are specified as Not Applicable.

"**Return Threshold**" means 100 per cent. of the Initial Index Level.

"**Strike Percentage**" is specified as 100 per cent.

Alternative examples are provided to illustrate the position where (i) Digital Return applies or Upside Return applies, and (ii) Downside Return 1 applies or Downside Return 2 applies.

The Note has the potential to "**kick out**" at the end of years 1, 2, 3 or 4 depending on the performance of the Index. This means the Note may mature early, returning the investor's initial investment plus a fixed payment, in this case 11.5 per cent. per annum.

If the Note does not kick out early and continues to the end of Year 5, as Capital Downside is applicable, both the Final Index Level and the Downside Final Index Level will be used to determine the return on the Note. The "**Final Index Level**" (used to determine any positive return) is the average of the closing levels of the Index on five specified days at the end of Year 5, and the "**Downside Final Index Level**" (used to determine any negative return) is the closing level of the Index on a specified day at the end of Year 5.

If the Final Index Level is greater than the Return Threshold and either (i) the Downside Final Index Level is greater than Return Threshold, or (ii) the Barrier Condition is satisfied, the investor will receive:

(i) If Digital Return applies, their initial investment multiplied by 157.5 per cent. (157.5 per cent. being the "**Digital Return**"); and

(ii) if Upside Return applies, any increase in the performance of the Index between the Strike Percentage (being 100 per cent. of the Initial Index Level) and the Final Index Level with no upper limit (being the **"Upside Return**").

If the Final Index Level is less than or equal to the Return Threshold but either (i) the Downside Final Index Level is greater than the Return Threshold or (ii) the Barrier Condition is satisfied, the investor will receive back their initial investment with no additional return.

If the Final Index Level is greater than the Return Threshold but (i) the Downside Final Index Level is less than or equal to the Return Threshold and (ii) the Barrier Condition is not satisfied, the investor will receive:

(i) if Digital Return applies, their initial investment multiplied by the Digital Return and reduced by either:

(a) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the

Underlying between the Initial Index Level and the Downside Final Index Level, including partial percentages; or

(b) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Underlying between the Initial Index Level and the Downside Final Index Level, between 6,000 (i.e. 100 per cent. of the Initial Index Level, being the "**Upper Strike**") and 1,800 (i.e. 30 per cent. of the Initial Index Level, being the "**Lower Strike**"), including partial percentages; or

(ii) if Upside Return applies, a cash amount equal to their initial investment reduced by:

(a) either:

(1) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the Underlying between the Initial Index Level and the Downside Final Index Level, including partial percentages; or

(2) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Underlying between the Initial Index Level and the Downside Final Index Level, between 6,000 (i.e. 100 per cent. of the Initial Index Level, being the "**Upper Strike**") and 1,800 (i.e. 30 per cent. of the Initial Index Level, being the "**Lower Strike**"), including partial percentages; *plus*

(b) the Upside Return.

If the Final Index Level is lower than or equal to the Return Threshold and (i) the Barrier Condition is not satisfied and (ii) the Downside Final Index Level is lower than or equal to the Return Threshold, an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease of the Downside Final Index Level from the Initial Index Level, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the Downside Final Index Level from the Initial Index Level between 6,000 (i.e. 100 per cent. of the Initial Index Level being the "**Upper Strike**") and 3,600 (i.e. 60 per cent. of the Initial Index Level being the "**Lower Strike**"), including partial percentages.

The above scenarios are now described in further detail:

Early Maturity (kick out)

If at the end of years 1, 2, 3 or 4 the average of the closing levels of the Index on the relevant anniversary of the Note and the four previous specified days is above 6,000, the Note will mature early (kick out) and an investor will receive back a cash amount equal to their initial investment *plus* 11.5 per cent. per annum.

Accordingly, **if the Note kicks out at the end of year 2, the investor will receive:**

GBP1,000 x **123**% = **GBP1,230**

Accordingly an investor will receive **GBP1,230**

If the Note does not kick out at the end of years 1, 2, 3 or 4 (i.e. the level of the Index is equal to or below 6,000 on each of these dates), the Note will continue to maturity.

Maturity after 5 Years

Scenario A – Upside Return or Digital Return

Example 1 – Digital Return applies and the Final Index Level is 6,600, and is therefore higher than the Return Threshold and the Downside Final Index Level is 6,200 and is therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by the Digital Return of 157.5 per cent. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **157.5%** = **GBP1,575**

Accordingly an investor will receive **GBP1,575**

Example 2 – Upside Return applies and the Final Index Level is 6,600, and is therefore higher than the Return Threshold and the Downside Final Index Level is 6,200 and is therefore higher than the Return Threshold.

In this case an investor will receive their initial investment *plus* the Upside Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 *plus*

Upside Return: GBP 1,000 x [**6,600/6,000** – **1**] **= GBP100**

Accordingly an investor will receive GBP1,000 + GBP100 = **GBP1,100**

Scenario B – Return of Initial Capital

Example 1 - The Final Index Level is 5,000 and therefore lower than the Return Threshold, the Downside Final Index Level is 4,800 and therefore lower than the Return Threshold but the Barrier Condition is satisfied (i.e. the level of the Index has not fallen below the Barrier Threshold at any point during the Observation Period).

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **100**% = **GBP1,000**

Example 2 - The Final Index Level is 5,000 and therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period) but the Downside Final Index Level is 6,200 and therefore higher than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **100%** = **GBP1,000**

Scenario C – Positive Return or Loss of Investment

Example 1 – Digital Return and Downside Return 1 applies and the Final Index Level is 6,600, and is therefore higher than the Return Threshold and the Downside Final Index Level is 4,500 and is therefore lower than the Return Threshold, and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive back their initial investment multiplied by the Digital Return of 157.5 per cent. and reduced by 1 per cent. for every 1 per cent. fall of the Downside Final Index Level from the Initial Index Level. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **157.5%** = **GBP1,575** *minus*

GBP1,000 x [[**4,500 - 6,000**]/**6,000**] = **GBP250**

Accordingly an investor will receive GBP1,575 - GBP250 = **GBP1,325**

Example 2 – Digital Return and Downside Return 2 applies and the Final Index Level is 6,600, and is therefore higher than the Return Threshold and the Downside Final Index Level is 4,500 and is therefore lower than the Return Threshold, and the Barrier Condition is not satisfied (i.e. the level of the Index has

fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive back their initial investment multiplied by the Digital Return of 157.5 per cent. and reduced by 1 per cent. for every 1 per cent. fall of the Downside Final Index Level from the Initial Index Level between 6,000 and 3,600. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **157.5%** = **GBP1,575** *minus*

GBP1,000 x [[**4,500 - 6,000**]/**6,000**] = **GBP250**

Accordingly an investor will receive GBP1,575 - GBP250 = **GBP1,325**

Example 3 – Upside Return applies and Downside Return 1 applies and the Final Index Level is 6,600, and is therefore higher than the Return Threshold and the Downside Final Index Level is 4,500 and is therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Downside Final Index Level from the Initial Index Level *plus* the Upside Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 x [**4,500/6,000**] = **GBP750** *plus*

Upside Return: GBP 1,000 x [**6,600/6,000** – 1] **= GBP100**

Accordingly an investor will receive GBP750 + GBP100 = **GBP850**

Example 4 – Upside Return applies and Downside Return 2 applies and the Final Index Level is 6,600, and is therefore higher than the Return Threshold and the Downside Final Index Level is 4,500 and is therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Downside Final Index Level from the Initial Index Level between 6,000 and 3,600 *plus* the Upside Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 x [**4,500/6,000**] = **GBP750** *plus*

Upside Return: GBP 1,000 x [**6,600/6,000** – 1] **= GBP100**

Accordingly an investor will receive GBP750 + GBP100 = **GBP850**

Scenario D – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Index Level is 5,000 and therefore lower than the Return Threshold, the Downside Final Index Level is 5,400 and therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below 3,600 during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Downside Final Index Level from the Initial Index Level. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x [**5,400/6,000**] = **GBP900**

Example 2 – Downside Return 2 applies and the Final Index Level is 5,000 and therefore lower than the Return Threshold, the Downside Final Index Level is 5,400 and therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below 3,600 during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Downside Final Index Level from the Initial Index Level between 6,000 and 3,600. **Therefore, on**

an initial investment of GBP1,000 an investor in the Note would receive:

GBP1,000 x [**5,400/6,000**] = **GBP900**

Table of further illustrative payouts

The tables below show a number of potential payouts at maturity based on various different Final Index Levels and Downside Final Index Levels with the same elections having been made in respect of the Notes as described in the scenario above, an initial investment of GBP1,000 and an Initial Index Level of 6,000:

		Barrier Condition Satisfied			
Final Index Level	**Downside Final Index Level**	**Downside Return 1 and Upside Return**	**Downside Return 1 and Digital Return**	**Downside Return 2 and Upside Return**	**Downside Return 2 and Digital Return**
10,500 (75% higher than Initial Index Level)	6,600 (10% higher than Initial Index Level)	GBP1,750	GBP1,575	GBP1,750	GBP1,575
8,700 (45% higher than Initial Index Level)	5,400 (10% lower than Initial Index Level)	GBP1,450	GBP1,575	GBP1,450	GBP1,575
6,060 (1% higher than Initial Index Level)	4,500 (25% lower than Initial Index Level)	GBP1,010	GBP1,575	GBP1,010	GBP1,575
6,000 (no change from Initial Index Level)	7,500 (12.5% higher than Initial Index Level)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
5,940 (1% lower than Initial Index Level)	5,940 (1% lower than Initial Index Level	GBP1,000	GBP1,000	GBP1,000	GBP1,000
3,300 (45% lower than Initial Index Level)	3,300 (45% lower than Initial Index Level	Not possible*	Not possible*	Not possible*	Not possible*
1,500 (75% lower than Initial Index Level)	1,500 (75% lower than Initial Index Level	Not possible*	Not possible*	Not possible*	Not possible*

** The Downside Final Index Level being 3,300 or 1,500 at maturity means that it would have fallen below 3,600 (i.e. 60% of the Initial Index Level) during the term of the Note, therefore the Barrier Condition cannot have been satisfied.*

		Barrier Condition not Satisfied			
Final Index Level	**Downside Final Index Level**	**Downside Return 1 and Upside Return**	**Downside Return 1 and Digital Return**	**Downside Return 2 and Upside Return**	**Downside Return 2 and Digital Return**

10,500 (75% higher than Initial Index Level)	6,600 (10% higher than Initial Index Level)	GBP1,750	GBP1,575	GBP1,750	GBP1,575
8,700 (45% higher than Initial Index Level)	5,400 (10% lower than Initial Index Level)	GBP1,350	GBP1,475	GBP1,350	GBP1,475
6,060 (1% higher than Initial Index Level)	5,400 (10% lower than Initial Index Level)	GBP910	GBP1,475	GBP910	GBP1,475
6,000 (no change from Initial Index Level)	7,500 (12.5% higher than Initial Index Level)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
5,940 (1% lower than Initial Index level)	5,940 (1% lower than Initial Index Level	GBP 990	GBP990	GBP990	GBP990
3,300 (45% lower than Initial Index Level)	3,300 (45% lower than Initial Index Level	GBP 550	GBP 550	GBP 600*	GBP 600*
1,500 (75% lower than Initial Index Level)	1,500 (75% lower than Initial Index Level	GBP 250	GBP 250	GBP 600*	GBP 600*

** Here the Downside Final Index Level has fallen below the Lower Strike of 3,600. However the investor is only exposed to any drop in the Downside Final Index Level between 6,000 and 3,600.*

2. **Kick Out Notes without Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Early Redemption on Kick Out

The Notes have the potential for early maturity (kick out) on a certain date or dates specified in the Final Terms, depending on the performance of the Underlying at that time.

On any kick out an investor will receive a cash amount equal to their initial investment *plus* a fixed percentage payment (which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and another specified currency (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Kick Out FX Factor**")).

Final Redemption

If there has been no kick out, the return on the Notes at maturity will be based on the performance of the Underlying.

At maturity an investor will receive a cash amount calculated in accordance with the following provisions:

Scenario A – Upside Return or Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive:

(i) if "**Digital Return**" is specified, a cash amount equal to their initial investment multiplied by a specified percentage return; or

(ii) if "**Upside Return**" is specified, a cash amount equal to their initial investment *plus* a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and the final level, price or value (as applicable) of the Underlying, which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**") (which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 1**")).

Scenario B – Return of Initial Capital

If at maturity the level, price or value (as applicable) of the Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying an investor will receive a cash amount equal to their initial investment with no additional return.

Kick Out Notes without Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance of the FTSE® 100 index (the "**Index**") and assumes an initial investment of GBP1,000 and an "**Initial Index Level**" (i.e. starting level) of 6,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**FX Factor 1**" and "**Kick Out FX Factor**" are specified as Not Applicable.

"**Return Threshold** is specified as 100 per cent. of the Initial Index Level.

"**Strike Percentage**" is specified as 120 per cent.

Alternative examples are provided to illustrate the position where Digital Return applies or Upside Return applies.

The Note has the potential to "**kick out**" at the end of years 1, 2, 3 or 4 depending on the performance of the Index. This means the Note may mature early, returning the investor's initial investment *plus* a fixed payment, in this case 9.5 per cent. per annum.

If the Note does not kick out early and continues to the end of Year 5, the Final Index Level will be used to determine the return on the Note. The "**Final Index Level**" is the average of the closing levels of the Index on five specified days at the end of Year 5.

If the Final Index Level is greater than the Return Threshold, the investor will receive:

(i) If "Digital Return" applies, their initial investment multiplied by 147.5 per cent. (147.5 per cent. being the "**Digital Return**"); or

(ii) if "Upside Return" applies, any increase in the performance of the Index between the Strike Percentage (being 120 per cent. of the Initial Index Level) and the Final Index Level with no upper limit (being the **"Upside Return**").

If the Final Index Level is equal to or lower than the Return Threshold, then the investor will receive back their initial investment with no additional return.

The above scenarios are now described in further detail:

Early Maturity (kick out)

If at the end of years 1, 2, 3 or 4 the average of the closing levels of the Index on the relevant anniversary of the Note and the four previous specified days is above 6,000, the Note will mature early (kick out) and an investor will receive back a cash amount equal to their initial investment *plus* 9.5 per cent. per annum.

Accordingly, **if the Note kicks out at the end of year 2, the investor will receive:**

GBP1,000 x **119**% = **GBP1,190**

Accordingly an investor will receive **GBP1,190**

If the Note does not kick out at the end of years 1, 2, 3 or 4 (i.e. the level of the Index is equal to or below 6,000 on each of these dates), the Note will continue to maturity.

Maturity after 5 Years

Scenario A – Upside Return or Digital Return

Example 1 – Digital Return applies and the Final Index Level is 7,800, and is therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by the Digital Return of 147.5 per cent. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **147.5%** = **GBP1,475**

Accordingly an investor will receive **GBP1,475**

Example 2 – Upside Return applies and the Final Index Level is 7,800, and is therefore higher than the Return Threshold.

In this case an investor will receive their initial investment *plus* the Upside Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 *plus*

Upside Return: GBP1,000 x [**7,800/6,000** – **1.2**] **= GBP100**

Accordingly an investor will receive GBP1,000 + GBP100 = **GBP1,100**

Scenario B – Return of Initial Investment

The Final Index Level is 5,000 and therefore lower than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x **100%** = **GBP1,000**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Index Levels with the same elections having been made in respect of the Notes as are described in the example above, an initial investment of GBP1,000 and an Initial Index Level of 6,000:

Final Index Level	**Digital Return applies**	**Upside Return applies**
10,500 (75% higher than Initial Index Level)	GBP1,475	GBP 1,550
8,700 (45% higher than Initial Index Level)	GBP1,475	GBP 1,250
6,060 (1% higher than Initial Index Level)	GBP1,475	GBP1,000
6,000 (no change from Initial Index Level)	GBP1,000	GBP1,000
5,940 (1% lower than Initial Index Level)	GBP1,000	GBP1,000
3,300 (45% lower than Initial Index Level)	GBP1,000	GBP1,000
1,500 (75% lower than Initial Index	GBP1,000	GBP1,000

Level)			

3. **Phoenix Kick Out Notes with Capital at Risk**

Interest

The return on the Notes will include interest payments (each, an "**Interest Amount**") which will become payable in respect of each specified period at the end of which the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than a specified percentage of the initial level, price or value (as applicable) of the Underlying (the "**Interest Amount Level**"). The Interest Amount in respect of each specified period is determined independently and paid to the investor on the related interest payment date. The Notes may also, if specified in the applicable Final Terms, have a feature whereby missed interest payments, if any (such amounts being "**Missed Interest Amount(s)**") are paid out with any subsequent interest payment if the Underlying has recovered to above the Interest Amount Level. This is known as the "**Memory Feature**".

The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Early Redemption on Kick Out

The Notes have the potential for early maturity (kick out) on a certain date or dates specified in the Final Terms, depending on the performance of the Underlying at that time.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on any kick out an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, an investor will receive a cash amount equal to their initial investment *plus* a fixed percentage payment (which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and another specified currency (the "**FX Currency**") each as specified in the applicable Final Terms (the "**Kick Out FX Factor**")).

Final Redemption

If there has been no kick out, the return on the Notes at maturity will be based on the performance of an Underlying, and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which Equity Linked Physical Settlement is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for Phoenix Kick Out Notes with Capital at Risk are as follows (*plus* any Interest Amount payable):

Scenario A – Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive a cash amount equal to their initial investment multiplied by a specified percentage return (the "**Digital Return**") (which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 1**")).

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying and (ii) the Barrier Condition is satisfied, an investor will receive a

cash amount equal to their initial investment (which cash amount may be multiplied by FX Factor 1 with no additional return).

Scenario C – Loss of Investment

If at maturity the level, price or value (as applicable) of the Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (if specified as applicable) the Barrier Condition is not satisfied, then:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, then an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by an amount linked to the decline in performance of the Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**") (which cash amount may be multiplied by FX Factor 1 with no additional return).

*The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Phoenix Kick Out Notes with Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance of the FTSE® 100 index (the "**Index**") and assumes an initial investment of GBP1,000 and an "**Initial Index Level**" (i.e. starting level) of 6,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that at no point during the term of the Note (being the "**Observation Period**") has the level of the Index fallen below 3,600 (i.e. 60 per cent. of the Initial Index Level, being the "**Barrier Threshold**")).

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

"**FX Factor 1**" and "**Kick Out FX Factor**" are specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Index Level.

The Note has the potential to pay 6 per cent. of the initial investment (i.e. an "**Interest Amount**") for each annual period at the end of which the level of the Index (the "**Index Level**") is greater than 4,200 (i.e. 70 per cent. of the Initial Index Level, being the "**Interest Amount Level**"). There are five one-year periods during the term of the Note (each an "**Interest Period**"). The Interest Amounts that are due in respect of each period are paid on the related interest payment date at the end of each year. In addition the "**Memory Feature**" is applicable, whereby any missed payments ("**Missed Interest Amount(s**)") are paid out on any subsequent interest payment date in respect of which the Underlying has recovered to above the Interest Amount Level.

The Note has the potential to "**kick out**" at the end of years 1, 2, 3 or 4 depending on the performance of the Index. This means the Note may mature early, returning the investor's initial investment in addition to any related Interest Amount(s).

If the Note does not kick out early and continues to the end of year 5, the Final Index Level will be used to determine the return on the Note. The "**Final Index Level**" is the average of the closing levels of the Index on five specified days at the end of year 5.

If the Final Index Level is greater than the Return Threshold, the investor will receive 100 per cent. of their initial investment (100 per cent. being the "**Digital Return**"), without taking into account any Interest Amounts.

If the Final Index Level is lower than or equal to the Return Threshold, but the Barrier Condition is satisfied, then the investor will receive back their initial investment.

If the Final Index Level is lower than or equal to the Return Threshold and the Barrier Condition is not satisfied, an investor's investment will be reduced by 1 per cent. for every 1 per cent. fall in the Index at maturity, including partial percentages.

The above scenarios are now described in further detail:

Interest Amounts

The Interest Amounts to be paid to the investor are calculated and paid independently of the proportion of the investor's initial investment that will be paid back at the end of Year 5. In this worked example, there are five 1-year Interest Periods as follows:

Year	Index Level in respect of Interest Period	Interest payable in respect of current Interest	Missed Interest Amounts payable:	Total Interest payable

		Period		
Year 1	FTSE 100 – 4,410 (105% of Interest Amount Level)	6% (**GBP 60**)	N/A	6% (**GBP 60**)
Year 2	FTSE 100 – 3,780 (90% of Interest Amount Level)	0%	N/A	0% (**GBP 0**)
Year 3	FTSE 100 – 4,410 (105% of Interest Amount Level)	6% (**GBP 60**)	6% (**GBP 60**) Missed Interest Amount in respect of Year 2	12% (**GBP 120**)
Year 4	FTSE 100 – 4620 (110% of Interest Amount Level)	6% (**GBP 60**)	N/A	6% (**GBP 60**)
Year 5	FTSE 100 – 4,410 (105% of Interest Amount Level)	6% (**GBP 60**)	N/A	6% (**GBP 60**)

Early Maturity (kick out)

The following scenarios below do not take into account the above-mentioned Interest Amount (total GBP300) paid independently to the investor.

If at the end of years 1, 2, 3 or 4 the average of the closing levels of the Index on the relevant anniversary of the Note and the four previous specified days is above 6,000, the Note will mature early (kick out) and an investor will receive back a cash amount equal to their initial investment. **Accordingly, if the Note kicks out at the end of year 2, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x **100% = GBP1,000**

If the Note does not kick out at the end of years 1, 2, 3 or 4 (i.e. the level of the Index is equal to or below 6,000 on each of these dates), the Note will continue to maturity.

Maturity after 5 Years

The scenarios below do not take into account the above-mentioned Interest Amounts (total GBP300) paid independently to the investor.

Scenario A – Digital Return

The Final Index Level is 6,600 and therefore higher than the Return Threshold. An investor will receive back their initial investment multiplied by the Digital Return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x **100% = GBP1,000**

Scenario B – Return of Initial Capital

The Final Index Level is 5,000 and therefore lower than the Return Threshold but the Barrier Condition is satisfied (i.e. the level of the Index has not fallen below 3,600 during the Observation Period). An investor will receive back a cash amount equal to their initial investment with no additional return. . **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x **100% = GBP1,000**

Scenario C – Loss of Investment

The Final Index Level is 5,400 and therefore lower than the Return Threshold, and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below 3,600 during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Index at maturity. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x [**5,400/6,000**] = **GBP900**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Index Levels with the same elections having been made in respect of the Notes as are described in the example above, an initial investment of GBP1,000 and an Initial Index Level of 6,000. The payments detailed below do not include the above-mentioned Interest Amounts (total GBP300) paid independently to the investor.

Final Index Level	**Barrier Condition Satisfied**	**Barrier Condition not Satisfied**
10,500 (75% higher than Initial Index Level)	GBP1,000	GBP1,000
8,700 (45% higher than Initial Index Level)	GBP1,000	GBP1,000
6,060 (1% higher than Initial Index Level)	GBP1,000	GBP1,000
6,000 (no change from Initial Index Level)	GBP1,000	GBP1,000
5,940 (1% lower than Initial Index Level)	GBP1,000	GBP990
3,300 (45% lower than Initial Index Level)	Not possible*	GBP550
1,500 (75% lower than Initial Index Level)	Not possible*	GBP250

** The Index Level being 3,300 or 1,500 at maturity means that it would have fallen below 3,600 (i.e. 60% of the Initial Index Level) during the term of the Note, and therefore the Barrier Condition cannot have been satisfied.*

4. **Upside Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the performance of the Underlying (which performance, if "**Capital Downside**" is specified to be applicable will be calculated by reference to two sets of provisions; one of which will determine any additional return payable to the investor (the "**Upside Provisions**"), and the other which will determine the capital at risk (the "**Downside Provisions**")) is used to determine the return of the initial investment and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for Upside Notes with Capital at Risk are as follows:

Scenario A – Greater of Upside Return and Minimum Return or Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying (and, where Capital Downside is specified to be applicable, either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying), an investor will receive:

(i) if Digital Return is specified to be applicable, a cash amount equal to their initial investment multiplied by a specified percentage return (which cash amount may be multiplied by a fixed return factor specified in the applicable Final Terms (the "**Return Factor"**) and/or a factor based on the exchange rate between the Specified Currency and another specified currency (the "**FX Currency**") each as specified in the applicable Final Terms ("**FX Factor 1**")); or

(ii) if Upside Return is specified to be applicable, a cash amount equal to their initial investment (which cash amount may be multiplied FX Factor 1 and/or the Return Factor); *plus*

(a) the greater of:

(X) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions), which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**")(which cash amount may be multiplied by a factor based

on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 2**")); and

(Y) a "**Minimum Return**" being a cash amount equal to their initial investment amount multiplied by a fixed percentage (which may be zero) (which cash amount may be multiplied by FX Factor 2).

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying and (ii) the Barrier Condition is satisfied (or, if Capital Downside is applicable, the Barrier Condition is not satisfied but the level, price or value (as applicable) of the Underlying (as calculated in accordance with the Downside Provisions) is greater than such specified percentage of the initial level, price or value (as applicable) of the Underlying), an investor will receive a cash amount equal to their initial investment (which cash amount may be multiplied by the Return Factor and/or FX Factor 1) with no additional return.

Scenario C – Positive Return or Loss of Investment (Capital Downside products only)

Where Capital Downside is specified to be applicable and, at maturity the final level, price or value (as applicable) of the Underlying (as calculated in accordance with the Upside Provisions) is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying, then investors will receive either:

(i) if Digital Return is specified to be applicable, a cash amount equal to their initial investment multiplied by a specified percentage return and reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"),

(which cash amount may be multiplied by FX Factor 1); or

(ii) if Upside Return is specified to be applicable::

(a) a cash amount equal to their initial investment reduced by either:

(X) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by

which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(Y) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"), *plus*

(b) the greater of:

(X) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions), which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**") (which cash amount may be multiplied by FX Factor 2); and

(Y) a "**Minimum Return**" being a fixed percentage of their initial investment (which may be zero) (which cash amount may be multiplied by FX Factor 2),

(which cash amount may be multiplied by FX Factor 1).

Scenario D – Loss of Investment

If at maturity the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (i) the Barrier Condition is not satisfied (or no Barrier Condition is specified) and (ii) where Capital Downside is specified to be applicable, the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying then investors will receive:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, then an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**")

(which cash amount may be multiplied by FX Factor 1).

*The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Upside Notes with Capital at Risk worked example (cash settled)

Overview

The example below is of a five-year Note linked to the performance of a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. the Share price on the issue date) of 100.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that at no point during the term of the Note (being the "**Observation Period**") has the price of the Share fallen below 60 (i.e. 60 per cent. of the Initial Share Price, being the "**Barrier Threshold**")).

"**Capital Downside**" is specified as Not Applicable.

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

"**FX Factor 1**" and "**FX Factor 2**" are specified as **FXFinal/FXInitial**, where:

- "**FXInitial**" means the rate of exchange between GBP and USD as at the issue date of the Notes, which for the purposes of this example shall be 1.2; and
- "**FXFinal**" means the rate of exchange between GBP and USD as at the end of Year 5, which for the purposes of this example shall be 1.5.

Consequently, each of FX Factor 1 and FX Factor 2 shall be 125 per cent.

"**Return Factor**" is specified as 90 per cent.

"**Return Threshold**" is specified as 100 per cent. of the Initial Share Price Level.

"**Strike Percentage**" is specified as 100 per cent.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. The "**Final Share Price**" is the closing price of the Share on a specified date at the end of Year 5.

If the Final Share Price is greater than the Return Threshold, the investor will receive:

(i) If Digital Return is applicable, their initial investment multiplied by 147.5 per cent. (being the "**Digital Return**") multiplied by FX Factor 1 and the Return Factor; and

(ii) if Upside Return is applicable:

(a) their initial investment multiplied by FX Factor 1 and the Return Factor; *plus* the greater of

(1) any increase in the performance of the Share between the Strike Percentage (being 100 per cent, of the Initial Share Price) and the Final Share Price with no upper limit (being the "**Upside Return**"); or

(2) the "**Minimum Return**" being 20 per cent. of their initial investment,

which Upside Return or Minimum Return will be multiplied by FX Factor 2.

If the Final Share Price is lower than or equal to the Return Threshold and Barrier Condition is not satisfied (i.e. the price of the Share has fallen below the Barrier Threshold during the Observation Period),

an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease of the Final Share Price from the Initial Share Price, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease of the Final Share Price from the Initial Share Price between 100 (i.e. 100 per cent. of the Initial Share Price being the "**Upper Strike**") and 30 (i.e. 30 per cent. of the Initial Share Price being the "**Lower Strike**"), including partial percentages,

(and, in either case, the resulting cash amount will be multiplied by FX Factor 1).

If the Final Share Price is lower than or equal to the Return Threshold, but the Barrier Condition is satisfied, then the investor will receive back their initial investment with no additional return, multiplied by FX Factor 1 and the Return Factor.

The above scenarios are now described in further detail:

Maturity after 5 Years

Scenario A – Greater of Upside Return and Minimum Return or Digital Return

Example 1 – Digital Return applies and the Final Share Price is 150 and therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by FX Factor 1 and the Return Factor multiplied by the Digital Return of 147.5 per cent. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **147.5%** = **GBP1,475**

Accordingly, an investor will receive GBP1,475 x **125% x 90%** = **GBP1,659.38**

Example 2 – Upside Return applies and the Final Share Price is 150, and is therefore higher than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment multiplied by FX Factor 1 and the Return Factor *plus* the greater of (a) Upside Return and (b) Minimum Return, in each case multiplied by FX Factor 2. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x [**125% x 90%**] = **GBP1125** *plus the greater of*

a) Upside Return: GBP1,000 x [**150/100** – 1] x **125% = GBP625**

b) Minimum Return: GBP1,000 x **20%** x **125%** = **GBP250**

Accordingly, an investor will receive GBP1,125 + GBP625 = **GBP1,750**

Scenario B – Return of Initial Capital

The Final Share Price is 90 and therefore less than the Return Threshold, but the Barrier Condition is satisfied (i.e. the price of the Share has not fallen below the Barrier Threshold at any point during the Observation Period).

In this case an investor will receive back a cash amount equal to their initial investment multiplied by FX Factor 1 and the Return Factor with no additional return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 x **125%** x **90%** = **GBP1,125**

Scenario C – Positive Return or Loss of Investment (Capital Downside products only)

Not Applicable as "Capital Downside" is specified as Not Applicable.

Scenario D – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Share Price is 50, and is therefore lower than the Return Threshold and, in addition, the Barrier Condition is not satisfied (i.e. the price of the Share has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share Price at maturity multiplied by FX Factor 1. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**50/100**] x **125%** = **GBP625**

Example 2 – Downside Return 2 applies and the Final Share Price is 50, and is therefore lower than the Return Threshold and, in addition, the Barrier Condition is not satisfied (i.e. the price of the Share has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share Price at maturity between 100 and 30 multiplied by FX Factor 1. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x [**50/100**] x **125%** = **GBP625**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as described in the scenario set out in above, an initial investment of GBP1,000 and an Initial Share Price of 100:

	Barrier Condition Satisfied			
Final Share Price	**Downside Return 1 and Upside Return**	**Downside Return 1 and Digital Return**	**Downside Return 2 and Upside Return**	**Downside Return 2 and Digital Return**
175 (75% higher than Initial Share Price)	GBP2,062.50	GBP1,659.38	GBP2,062.50	GBP1,659.38
145 (45% higher than Initial Share Price)	GBP1,687.50	GBP1,659.38	GBP1,687.50	GBP1,659.38
101 (1% higher than Initial Share Price)	GBP1,375.00	GBP1,659.38	GBP1,375.00	GBP1,659.38
100 (no change from Initial Share Price)	GBP1,125.00	GBP1,125.00	GBP1,125.00	GBP1,125.00
99 (1% lower than Initial Share Price)	GBP1,125.00	GBP1,125.00	GBP1,125.00	GBP1,125.00
55 (45% lower than Initial Share Price)	Not Possible*	Not Possible*	Not Possible*	Not Possible*
25 (75% lower than Initial Share Price)	Not Possible*	Not Possible*	Not Possible*	Not Possible*

** The Final Share Price being 55 or 25 at maturity means that the Share Price would have fallen below 60 (i.e. 60% of the Initial Share Price) during the term of the Note. Therefore, the Barrier Condition cannot have been satisfied.*

	Barrier Condition not Satisfied			
Final Share Price	**Downside Return 1 and Upside Return**	**Downside Return 1 and Digital Return**	**Downside Return 2 and Upside Return**	**Downside Return 2 and Digital Return**
175 (75% higher than Initial Share Price)	GBP2,062.50	GBP1,659.38	GBP2,062.50	GBP1,659.38
145 (45% higher than Initial Share Price)	GBP1,687.50	GBP1,659.38	GBP1,687.50	GBP1,659.38
101 (1% higher than Initial Share Price)	GBP1,375.00	GBP1,659.38	GBP1,375.00	GBP1,659.38
100 (no change from Initial Share Price)	GBP1,250	GBP1,250	GBP1,250	GBP1,250
99 (1% lower than Initial Share Price)	GBP1,237.50	GBP1,237.50	GBP1,237.50	GBP1,237.50
55 (45% lower than Initial Share Price)	GBP687.50	GBP687.50	GBP687.50	GBP687.50
25 (75% lower than Initial Share Price)	GBP312.50	GBP312.50	GBP375*	GBP375*

** Here the Final Share Price has fallen below the Lower Strike of 30. However, the investor is only exposed to any drop in the Final Share Price between 100 and 30.*

Upside Notes with Capital at Risk worked example (physically settled)

Overview

The below example is of the same five-year Note linked to the performance of a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. the share price on the issue date) of 100.

The same features as are specified to be applicable above remain applicable for the purposes of this example, except that "**Downside Only Physical Settlement**" is specified as applicable to the Notes.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. The "**Final Share Price**" is the closing price of the Share at the end of Year 5.

If the Final Share Price is greater than the Return Threshold, an investor will receive:

(i) If Digital Return is applicable, their initial investment multiplied by 147.5 per cent. (being the "**Digital Return**") multiplied by FX Factor 1 and the Return Factor; and

(ii) if Upside Return is applicable:

(a) their initial investment multiplied by FX Factor 1 and the Return Factor; *plus* the greater of

(1) any increase in the performance of the Index between the Strike Percentage (being 100 per cent. of the Initial Share Price) and the Final Share Price with no upper limit (being the "**Upside Return**") multiplied by FX Factor 2; or

(2) the "**Minimum Return**" being 20 per cent. of their initial investment,

which Upside Return or Minimum Return will be multiplied by FX Factor 2.

If the Barrier Condition is not satisfied and the Final Share Price is lower than or equal to the Return Threshold, an investor will receive a number of shares equal to their initial investment divided by the Initial Share Price (rounded down the nearest whole unit), *plus* a cash amount in respect of any fractional amount of shares.

If the Final Share Price is lower than or equal to the Return Threshold, but the Barrier Condition is satisfied, then the investor will receive back their initial investment with no additional return multiplied by FX Factor 1 and the Return Factor.

The above scenarios are now described in further detail:

Maturity after 5 Years

Scenario A – Greater of Upside Return and Minimum Return or Digital Return

Example 1 – Digital Return applies and the Final Share Price is 150 and therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by FX Factor 1 and the Return Factor multiplied by the Digital Return of 147.5 per cent. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **147.5%** = **GBP1,475**

Accordingly, an investor will receive GBP1,475 x **125% x 90%** = **GBP1,659.38**

Example 2 – Upside Return applies and the Final Share Price is 150, and is therefore higher than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment multiplied by FX Factor 1 and the Return Factor *plus* the greater of (a) Upside Return and (b) Minimum Return, in each case multiplied by FX Factor 2. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x [**125% x 90%**] = **GBP1125** *plus the greater of*

a) Upside Return: GBP1,000 x [**150/100 – 1**] x **125% = GBP625**

b) Minimum Return: GBP1,000 x **20%** x **125%** = **GBP250**

Accordingly, an investor will receive GBP1,125 + GBP625 = **GBP1,750**

Scenario B – Return of Initial Capital

The Final Share Price is 90 and therefore less than the Return Threshold, but the Barrier Condition is satisfied (i.e. the price of the Share has not fallen below the Barrier Threshold at any point during the Observation Period).

In this case an investor will receive back a cash amount equal to their initial investment multiplied by FX Factor 1 and the Return Factor with no additional return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 x **125% x 90%** = **GBP1,125**

Scenario C – Positive Return or Loss of Investment (Capital Downside products only)

Not Applicable as "Capital Downside" is specified as Not Applicable.

Scenario D – Loss of Investment

The Final Share Price is 50, and is therefore lower than the Return Threshold and, in addition, the Barrier

Condition is not satisfied (i.e. the price of the Share has fallen below the Barrier Threshold during the Observation Period).

In this case an investor, on an initial investment of GBP1,000, would receive 10 shares, being the number of shares equal to the initial investment divided by the initial share price (which as at the final valuation date have a total market value of GBP 500). This figure is calculated as:

GBP 1,000 / GBP 100 = 10 Shares.

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as described in the scenario set out in above, an initial investment of GBP1,000 and an Initial Share Price of 100:

	Barrier Condition Satisfied	
Final Share Price	**Upside Return and Downside Only Physical Settlement**	**Digital Return and Downside Only Physical Settlement**
175 (75% higher than Initial Share Price)	GBP2,062.50	GBP1,659.38
145 (45% higher than Initial Share Price)	GBP1,687.50	GBP1,659.38
101 (1% higher than Initial Share Price)	GBP1,375.00	GBP1,659.38
100 (no change from Initial Share Price)	GBP1,125.00	GBP1,125.00
99 (1% lower than Initial Share Price)	GBP1,125.00	GBP1,125.00
55 (45% lower than Initial Share Price)	Not Possible*	Not Possible*
25 (75% lower than Initial Share Price)	Not Possible*	Not Possible*

** The Final Share Price being 55 or 25 at maturity means that the Share Price would have fallen below 60 (i.e. 60% of the Initial Share Price) during the term of the Note. Therefore, the Barrier Condition cannot have been satisfied.*

	Barrier Condition not Satisfied	
Final Share Price	**Upside Return and Downside Only Physical Settlement**	**Digital Return and Downside Only Physical Settlement**
175 (75% higher than Initial Share Price)	GBP2,062.50	GBP1,659.38
145 (45% higher than Initial Share Price)	GBP1,687.50	GBP1,659.38
101 (1% higher than Initial Share Price)	GBP1,375.00	GBP1,659.38

100 (no change from Initial Share Price)	10 Shares (total market value* GBP 1,000)	10 Shares (total market value* GBP 1,000)
99 (1% lower than Initial Share Price)	10 Shares (total market value* GBP 990)	10 Shares (total market value* GBP 990)
55 (45% lower than Initial Share Price)	10 Shares (total market value* GBP 550)	10 Shares (total market value* GBP 550)
25 (75% lower than Initial Share Price)	10 Shares (total market value* GBP 250)	10 Shares (total market value* GBP 250)

***** *Total market value as of the final valuation date*.

5. **Upside Notes without Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the performance of the Underlying is used to determine the return of the initial investment.

An investor will receive a cash amount calculated in accordance with the following provisions:

Scenario A – Greater of Upside Return and Minimum Return or Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive:

(i) if Digital Return is specified to be applicable, a cash amount equal to their initial investment multiplied by a specified percentage return;

(ii) if Upside Return is specified to be applicable, a cash amount equal to their initial investment; *plus* the greater of:

(a) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions), which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**")(which cash amount may be multiplied by a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 1**")); and

(b) a "**Minimum Return**" being a cash amount equal to their initial investment amount multiplied by a fixed percentage (which may be zero) (which cash amount may be multiplied by FX Factor 1).

Scenario B – Return of Initial Capital plus Minimum Return

If at maturity the level, price or value (as applicable) of the Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying an investor will receive a cash amount equal to their initial investment *plus* the Minimum Return (which may be multiplied by FX Factor 1) (if any).

Upside Notes without Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance of a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. the Share price on the issue date) of 100.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**FX Factor 1**" is specified as Not Applicable.

The "**Return Threshold** is specified as 100 per cent. of the Initial Share Price.

The "**Strike Percentage**" is specified as 100 per cent.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. The "**Final Share Price**" is the closing price of the Share at the end of Year 5.

If the Final Share Price is greater than the Return Threshold, the investor will receive:

(i) if "Digital Return" applies, their initial investment multiplied by 147.5 per cent. (147.5 per cent. being the "**Digital Return**"); and

(ii) if Upside Return applies, their initial investment *plus* the greater of:

(1) 200 per cent. (being "**Gearing 1**") of any increase in the performance of the Share between the Strike Percentage (being 100 per cent. of the Initial Share Price) and the Final Share Price with no upper limit (being the "**Upside Return**"); or

(2) the "**Minimum Return**" being 20 per cent. of their initial investment.

If the Final Share Price is less than or equal to the Return Threshold, the investor will receive back their initial investment plus the Minimum Return.

Maturity after 5 Years

Scenario A – Greater of Upside Return and Minimum Return or Digital Return

Example 1 – Digital Return applies and the Final Share Price is 150 and therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by the Digital Return of 147.5 per cent. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **147.5%** = **GBP1,475**

Accordingly, an investor will receive **GBP1,475**

Example 2 – Upside Return applies and the Final Share Price is 150, and is therefore higher than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment *plus* the greater of (a) Upside Return and (b) Minimum Return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 *plus the greater of*

a) Upside Return: GBP1,000 x [[**150/100** – **1**] x **200%**] **= GBP1,000**

b) Minimum Return: GBP1,000 x **20%** = **GBP200**

Accordingly, an investor will receive GBP1,000 + GBP1,000 = **GBP2,000**

Scenario B – Return of Initial Capital plus Minimum Return

The Final Share Price is 90 and therefore less than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment *plus* the Minimum Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 *plus*

GBP1,000 x **20% = GBP200**

Accordingly, an investor will receive GBP1,000 + GBP200 = **GBP1200**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as described in the scenario above, an initial investment of GBP1,000 and an Initial Share Price of 100:

Final Share Price	**Upside Return**	**Digital Return**
175 (75% higher than Initial Share Price)	GBP2,500	GBP1,475
145 (45% higher than Initial Share Price)	GBP1,900	GBP1,475
101 (1% higher than Initial Share Price)	GBP1,200	GBP1,475
100 (no change from Initial Share Price)	GBP1,200	GBP1,200
99 (1% lower than Initial Share Price)	GBP1,200	GBP1,200
55 (45% lower than Initial Share Price)	GBP1,200	GBP1,200
25 (75% lower than Initial Share Price)	GBP1,200	GBP1,200

6. **Geared Booster Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the performance of the Underlying (which performance, if "**Capital Downside**" is specified to be applicable will be calculated by reference to two sets of provisions; one of which will determine any additional return payable to the investor (the "**Upside Provisions**"), and the other which will determine the capital at risk (the "**Downside Provisions**")) is used to determine the return of the initial investment and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for Upside Notes with Capital at Risk are as follows:

Scenario A – Upside Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying (and, where Capital Downside is specified to be applicable, either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying), an investor will receive:

(i) a cash amount equal to their initial investment (which cash amount may be multiplied by a fixed return factor specified in the applicable Final Terms (the "**Return Factor**") and/or a factor based on the exchange rate between the Specified Currency and another specified currency (the "**FX Currency**") each as specified in the applicable Final Terms ("**FX Factor 1**")); *plus*

(ii) "**Upside Return 1**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the initial level, price or value (as applicable) of the Underlying, and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) up to a specified level (being the "**Upside Booster Threshold**") which percentage may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**"). Upside Return 1 may be multiplied by a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 2**"); *plus*

(iii) "**Upside Return 2**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the Upside Booster Threshold and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) which percentage may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**"). Upside Return 2 may be multiplied by a factor based

on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 3**").

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying and (ii) the Barrier Condition is satisfied (or, if Capital Downside is applicable, the Barrier Condition is not satisfied but the level, price or value (as applicable) of the Underlying (as calculated in accordance with the Downside Provisions) is greater than such specified percentage of the initial level, price or value (as applicable) of the Underlying), an investor will receive a cash amount equal to their initial investment (which cash amount may be multiplied by Return Factor and FX Factor 1) with no additional return.

Scenario C – Positive Return or Loss of Investment ("Capital Downside" products only)

Where Capital Downside is specified to be applicable and, at maturity the final level, price or value (as applicable) of the Underlying (as calculated in accordance with the Upside Provisions) is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying, then investors will receive:

(i) a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 2**"), *plus*

(ii) "**Upside Return 1**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the initial level, price or value (as applicable) of the Underlying, and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Upside Provisions) up to a specified level (being the "**Upside Booster Threshold**") which percentage may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**"). Upside Return 1 may be multiplied by FX Factor 2; *plus*

(iii) "**Upside Return 2**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the Upside Booster Threshold and the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the

Upside Provisions) which percentage may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**"). Upside Return 2 may be multiplied by FX Factor 3,

(which cash amount may be multiplied by FX Factor 1).

Scenario D – Loss of Investment

If at maturity the final level, price or value (as applicable) of the Underlying (where Capital Downside is specified as applicable, as determined in accordance with the Upside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (i) the Barrier Condition is not satisfied (or no Barrier Condition is specified) and (ii) where Capital Downside is specified to be applicable, the level, price or value (as applicable) of the Underlying (as determined in accordance with the Downside Provisions) is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying then investors will receive:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, then an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Downside Provisions) (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying (where Capital Downside is specified to be applicable, as determined in accordance with the Downside Provisions) between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 2**"),

(which cash amount may be multiplied by FX Factor 1).

*The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Geared Booster Notes with Capital at Risk worked example (cash settled)

Overview

The example below is of a five-year Note linked to the performance of a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. the Share Price on the issue date) of 100.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that at no point during the term of the Note (being the "**Observation Period**") has the price of the Share fallen below 60 (i.e. 60 per cent. of the Initial Share Price, being the "**Barrier Threshold**")).

"**Capital Downside**" is specified as Not Applicable.

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

Each of "**FX Factor 1**", "**FX Factor 2**" and "**FX Factor 3**" are specified as Not Applicable.

"**Return Factor**" is specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Share Price.

"**Strike Percentage**" is specified as 100 per cent.

"**Upside Booster Threshold**" is specified as 120 per cent. of the Initial Share Price.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. The "**Final Share Price**" is the closing price of the Share at the end of Year 5.

If the Final Share Price is greater than the Return Threshold, the investor will receive:

(i) their initial investment; *plus*

(ii) 100 per cent. of any increase in the performance of the Share between the Strike Percentage (being 100 per cent. of the Initial Share Price) and the Upside Booster Threshold ("**Upside Return 1**"); and

(iii) 200 per cent. of any increase in the performance of the Share above the Upside Booster Threshold ("**Upside Return 2**").

If the Barrier Condition is not satisfied and the Final Share Price is lower than or equal to the Return Threshold, an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease of the Final Share Price from the Initial Share Price, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease of the Final Share Price from the Initial Share Price between 100 (i.e. 100 per cent. of the Initial Share Price being the "**Upper Strike**") and 30 (i.e. 30 per cent. of the Initial Share Price being the "**Lower Strike**"), including partial percentages.

If the Final Share Price is lower than or equal to the Return Threshold, but the Barrier Condition is satisfied, then the investor will receive back their initial investment with no additional return.

The above scenarios are now described in further detail:

Maturity after 5 Years

Scenario A – Greater of Upside Return and Minimum Return

The Final Share Price is 150, and is therefore higher than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment *plus* (a) Upside Return 1 *plus* (b) Upside Return 2. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 *plus*

a) Upside Return 1: GBP1,000 x [**120/100 - 1**] **= GBP200**; *plus*

b) Upside Return 2: GBP1,000 x [**150/100 - 1.2**] x **200%**] = **GBP600**

Accordingly, an investor will receive GBP1,000 + GBP 200 + GBP600 = **GBP1,800**

Scenario B – Return of Initial Capital

The Final Share Price is 90 and therefore less than the Return Threshold, but the Barrier Condition is satisfied (i.e. the price of the Share has not fallen below the Barrier Threshold at any point during the Observation Period).

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 x **100%** = **GBP1,000**

Scenario C – Positive Return or Loss of Investment (Capital Downside products only)

Not Applicable as "Capital Downside" is specified as Not Applicable.

Scenario D – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Share Price is 50, and is therefore lower than the Return Threshold and, in addition, the Barrier Condition is not satisfied (i.e. the price of the Share has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share Price at maturity. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**50/100**] = **GBP500**

Example 2 – Downside Return 2 applies and the Final Share Price is 50, and is therefore lower than the Return Threshold and, in addition, the Barrier Condition is not satisfied (i.e. the price of the Share has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share Price at maturity between 100 and 30. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x [**50/100**] = **GBP500**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as described in the scenario set out in above, an initial investment of GBP1,000 and an Initial Share Price of 100:

	Barrier Condition Satisfied	**Barrier Condition Not Satisfied**

Final Share Price	**Downside Return 1**	**Downside Return 2**	**Downside Return 1**	**Downside Return 2**
175 (75% higher than Initial Share Price)	GBP2,300	GBP2,300	GBP2,300	GBP2,300
145 (45% higher than Initial Share Price)	GBP1,700	GBP1,700	GBP1,700	GBP1,700
101 (1% higher than Initial Share Price)	GBP1,010	GBP1,010	GBP1,010	GBP1,010
100 (no change from Initial Share Price)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
99 (1% lower than Initial Share Price)	GBP1,000	GBP1,000	GBP990	GBP990
55 (45% lower than Initial Share Price)	Not Possible*	Not Possible*	GBP550	GBP550
25 (75% lower than Initial Share Price)	Not Possible*	Not Possible*	GBP250	GBP300**

** The Final Share Price being 55 or 25 at maturity means that the Share Price would have fallen below 60 (i.e. 60% of the Initial Share Price) during the term of the Note. Therefore, the Barrier Condition cannot have been satisfied.*

*** Here the Final Share Price has fallen below the Lower Strike of 30. However, the investor is only exposed to any drop in the Final Share Price between 100 and 30.*

7. **Lock-In Call Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, either the final level, price or value (as applicable) of the Underlying or the lock-in level, price or value (as applicable) of the Underlying (which level, price or value (as applicable) will be determined during the term of the Note) is used to determine the return of the initial investment and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

In any other case, the potential payouts at maturity for Lock-In Call Notes with Capital at Risk are as follows:

Scenario A – Greater of Upside Return and Lock-In Return

If at maturity either the final or lock-in "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive:

(i) a cash amount equal to their initial investment (which cash amount may be multiplied by a fixed return factor specified in the applicable Final Terms (the "**Return Factor**") and/or a factor based on the exchange rate between the Specified Currency and another specified currency (the "**FX Currency**") each as specified in the applicable Final Terms ("**FX Factor 1**")); *plus*

(ii) the greater of:

(a) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the final level, price or value (as applicable) of the Underlying, and the initial level, price or value (as applicable) of the Underlying, which percentage may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 1**") (which cash amount may be multiplied a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 2**")); and

(b) a "**Lock-In Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Underlying and a "lock-in" level, price or value, being the level, price or value (as applicable) of the Underlying observed on a specified date, or the highest level, price or value (as applicable) of the Underlying observed on specified dates or during a specified period, in each case rounded down to the nearest multiple of the lock-in percentage (the "**Lock-In Percentage**"), which percentage may be subject to Gearing 1 (which cash amount may be multiplied a factor based on the exchange rate between the Specified Currency and the FX Currency ("**FX Factor 2**")).

Scenario B – Return of Initial Capital or Loss of Investment

If at maturity neither the final or lock-in levels, prices or values (as applicable) of the Underlying are greater than a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive a cash amount equal to their initial investment (which cash amount may be multiplied by Return Factor and/or FX Factor 1) with no additional return.

Lock-In Call Notes with Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance of the FTSE® 100 index (the "**Index**") and assumes an initial investment of GBP1,000 and an "**Initial Index Level**" (i.e. starting level) of 6,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

Each of "**FX Factor 1**" and "**FX Factor 2**" are specified as Not Applicable.

"**Lock-In Percentage** is specified as five (5) per cent.

"**Return Factor**" is specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Index Level.

"**Strike Percentage**" is specified as 100 per cent.

Alternative examples are provided to illustrate the position where (i) Digital Return applies or Upside Return applies, and (ii) Downside Return 1 applies or Downside Return 2 applies.

At maturity the Final Index Level and the Lock-In Level will be used to determine the return on the Note. The "**Final Index Level**" is the average of the closing levels of the Index on five specified days at the end of Year 5 and the "**Lock-In Level**" is the closing level of the Index on a specified day at the end of Year 3.

If either the Final Index Level or the Lock-In Level is greater than the Return Threshold, the investor will receive:

(i) their initial investment, including partial percentages; *plus*

(ii) the greater of:

(1) any increase in the performance of the Index between the Strike Percentage (being 100 per cent. of the Initial Index Level) and the Final Index Level (being the "**Upside Return**"); and

(2) any increase in the performance of the Index between the Initial Index Level and the Lock-In Level (rounded down to the nearest multiple of the Lock-In Percentage) (being the "**Lock-In Return**").

If both the Final Index Level and the Lock-In Level is lower than the Return Threshold, then the investor will receive back their initial investment with no additional return.

The above scenarios are now described in further detail:

Scenario A – Greater of Upside Return and Lock-In Return

The Final Index Level is 6,600 and is therefore higher than the Return Threshold and the Lock-In Level is 7,000 therefore higher than the Return Threshold.

In this case an investor will receive their initial investment *plus* the greater of (a) Upside Return and (b) the Lock-In Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 *plus the greater of*

a) Upside Return: GBP 1,000 x [[(**6,600/6,000**)-1] **= GBP100**

b) Lock-In Return: [(**7,000/6,000**)-1] / **5** = 3.33%.

Rounded down to the nearest integer = **3%**, multiplied by **5 = 15%**

GBP1,000 x 15% **= GBP150**

Accordingly an investor will receive GBP1,000 + GBP150 = **GBP1,150**

Scenario B – Return of Initial Capital

The Final Index Level is 5,000 and therefore lower than the Return Threshold and the Lock-In Level is 4,000 therefore lower than the Return Threshold.

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **100%** = **GBP1,000**

Table of further illustrative payouts

The tables below show a number of potential payouts at maturity based on various different Final Index Levels with the same elections having been made in respect of the Notes as described in the scenario above, an initial investment of GBP1,000 and an Initial Index Level of 6,000:

Final Index Level	**Lock-In Level**	**Return**
10,500 (75% higher than Initial Index Level)	6,600 (10% higher than Initial Index Level)	GBP1,750
8,700 (45% higher than Initial Index Level)	5,400 (10% lower than Initial Index Level)	GBP1, 450
6,060 (1% higher than Initial Index Level)	6,600 (10% higher than Initial Index Level)	GBP1,100
5,900 (no change from Initial Index Level)	7,500 (25% higher than Initial Index Level)	GBP1,250
5,940 (1% lower than Initial Index Level)	7,200 (20% higher than Initial Index Level)	GBP1,200
3,300 (45% lower than Initial Index Level)	3,600 (40% lower than Initial Index Level	GBP1,000
1,500 (75% lower than Initial Index Level)	1,500 (75% lower than Initial Index Level	GBP1,000

8. **N Barrier (Income) Notes with Capital at Risk Notes – Overview**

Interest

The Notes provide for an interest payment (an "**Interest Amount**") which will become payable in respect of each specified period at the end of which the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than a specified percentage of the initial level, price or value (as applicable) of the Underlying (the "**Interest Amount Level**"). The Interest Amount in respect of each specified period is determined independently and paid to the investor on the related interest payment date.

The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the final level, price or value (as applicable) of the Underlying is used to determine the return of the initial investment and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for N Barrier Notes with Capital at Risk are as follows:

Scenario A –Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive a cash amount equal to their initial investment multiplied by a specified percentage return of at least 100 per cent. ("**Digital Return**").

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying, and (ii) the Barrier Condition is satisfied, an investor will receive a cash amount equal to their initial investment with no additional return.

Scenario C – Loss of Investment

If at maturity the level, price or value (as applicable) of the Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (if specified as applicable) the Barrier Condition is not satisfied, then:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, then an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change

in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**").

* The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

N Barrier (Income) Notes with Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. Share price on the issue date) of 100.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is specified as Not Applicable.

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Share Price.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

The Note has the potential to pay an interest rate of 2 per cent. of the initial investment (i.e. an "**Interest Amount**") for each period at the end of which the share price is above 100 (i.e. 100 per cent. of the Initial Share Price, being the "**Interest Amount Level**"). There are five one-year periods during the term of the Note (each an "**Interest Period**"). The Interest Amounts that are due in respect of each period shall be paid on the related interest payment date at the end of each year.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. In this worked example, averaging will apply to the "**Final Share Price**" used to determine the return on the Note. Accordingly, the Final Share Price will be the average of the closing prices of the Share on five specified days prior to the maturity date. If the Final Share Price is greater than or equal to the Return Threshold, the investor will receive their initial investment multiplied by 110 per cent. (being the "**Digital Return**").

If the Final Share Price is lower than the Return Threshold, an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the price of the Share between the Initial Share Price and the Final Share Price, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the price of the Share between the Initial Share Price and the Final Share Price between 100 (i.e. 100 per cent. of the Initial Share Price being the "**Upper Strike**") and 50 (i.e. 50 per cent. of the Initial Share Price being the "**Lower Strike**"), including partial percentages.

The above scenarios are now described in further detail:

Interest Amounts

For each of the following scenarios below, the Interest Amounts to be paid to the investor are calculated and paid independently of the proportion of the investor's initial investment that will be paid back at the end of Year 5. In this worked example, there are five one-year Interest Periods, and Interest is payable as follows:

Year	Share Price in respect of Interest Period	Interest payable in respect of Interest Period
Year 1	105 (105% of Interest Amount Level)	2% (**GBP 20**)
Year 2	90 (90% of Interest Amount Level)	0% (**GBP 0**)

Year 3	105 (105% of Interest Amount Level)	2% (**GBP 20**)
Year 4	110 (110% of Interest Amount Level)	2% (**GBP 20**)
Year 5	99 (99% of Interest Amount Level)	0% (**GBP 0**)

Maturity Return

The scenarios below do not take into account the above-mentioned Interest Amount (total GBP60) paid independently to the investor.

Scenario A – Digital Return

The average of the closing prices of the Share on the five specified days prior to maturity (being the Final Share Price) is 120 and therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by the Digital Return of 110 per cent. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **110.00%** = **GBP1,100**

Scenario B – Return of Initial Capital

Not relevant because no Barrier Condition is specified.

Scenario C – Loss of Investment

Example 1 – Downside Return 1 applies and the average of the closing prices of the Share on the five specified days prior to maturity (being the Final Share Price) is 45 and therefore lower than the Return Threshold.

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share price at maturity. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive**:

GBP1,000 x [**45/100**] = **GBP450**

Example 2 – Downside Return 2 applies and the average of the closing prices of the Share on the five specified days prior to maturity (being the Final Share Price) is 45 and therefore lower than the Return Threshold.

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the price of the Share at maturity between 100 and 50. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x [**50/100**] = **GBP500**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as are described in the scenario above, an initial investment of GBP1,000 and an Initial Share Price of 100. The payments detailed below do not include the above mentioned Interest Amount (total GBP60) paid independently to the investor.

Final Share Price	**Downside Return 1**	**Downside Return 2**
175 (75% higher than Initial Share Price)	GBP1,100	GBP1,100
145 (45% higher than Initial Share Price)	GBP1,100	GBP1,100
101 (1% higher than Initial Share Price)	GBP1,100	GBP1,100

100 (no change from Initial Share Price)	GBP1,100	GBP1,100
99 (1% lower than Initial Share Price)	GBP990	GBP990
55 (45% lower than Initial Share Price)	GBP550	GBP550
25 (75% lower than Initial Share Price)	GBP250	GBP500*

** Here the Final Share Price has fallen below the Lower Strike of 50, however the investor is only exposed to any drop in the Final Share Price between 100 and 50.*

9. **Range Accrual (Income) Notes with Capital at Risk – Overview**

Interest

The return on the Notes will include specified interest payments (each an "**Interest Amount**"). Each Interest Amount will be paid at the end of each specified period in respect of the number of days in such specified period during which the "**level** (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is within a specified range of the initial level, price or value (as applicable) of the Underlying, between the "**Range Upper Level**" and the "**Range Lower Level**". Each Interest Amount in respect of each specified period is determined independently and paid to the investor on the related interest payment date.

The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the final level, price or value (as applicable) of the Underlying is used to determine the return of the initial investment and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for Range Accrual (Income) Notes with Capital at Risk are as follows:

Scenario A - Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive a cash amount equal to their initial investment multiplied by a specified percentage return of at least 100 per cent. ("**Digital Return**").

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying, and (ii) the Barrier Condition is satisfied, an investor will receive a cash amount equal to their initial investment with no additional return.

Scenario C – Loss of Investment

If at maturity the level, price or value (as applicable) of the Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Underlying and (if specified as applicable) the Barrier Condition is not satisfied, then:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, then an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change

in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**").

* The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Range Accrual (Income) Notes with Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. starting price) of 100.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is specified as Not Applicable.

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Share Price.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

The Note has the potential to pay an interest amount of 12.5 per cent. of the initial investment for each of two 2.5-year periods (each a "**Range Accrual Period**"). The interest accumulated in respect of each period (the "**Interest Amount**") will be determined by the number of days in the Range Accrual Period in respect of which the Share Price is within a range specified for that Range Accrual Period divided by the total number of days in the Range Accrual Period. The range specified for the first Range Accrual Period is 90 to 110 and the range specified for the second Range Accrual Period is 80 to 120 (90 and 80 being each a "**Range Lower Level**" and 110 and 120 being each a "**Range Upper Level**"). Interest Amounts that are due in respect of each period shall be paid on the related interest payment date at the end of each 2.5 year period.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. If the Final Share Price is greater than or equal to the Return Threshold, the investor will receive a fixed return on their initial investment, in this case 110 per cent. (110 per cent. being the "**Digital Return**").

If the Final Share Price is less than the Return Threshold, an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the price of the Share between the Initial Share Price and the Final Share Price, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the price of the Share between the Initial Share Price and the Final Share Price between 100 (i.e. 100 per cent. of the Initial Share Price being the "**Upper Strike**") and 50 (i.e. 50 per cent. of the Initial Share Price being the "**Lower Strike**"), including partial percentages.

The above scenarios are now described in further detail:

Interest Amounts

For each scenario below, the Interest Amounts to be paid to the investor are calculated and paid independently of the proportion of the investor's initial investment that will be paid back at the end of Year 5.

In this worked example, there are two Range Accrual Periods each of 625 days.

Range Accrual Period 1: Range Upper Level 110 and Range Lower Level 90. The total number of days in the Range Accrual Period in respect of which the closing price of the Share was less than the applicable Range Upper Level and greater than the applicable Range Lower Level, was 200.

For Range Accrual Period 1 the Interest Amounts paid at end of the Period was:

200/625 x 12.5% = **4% (40GBP)**

This amount will be paid to the investor on the interest payment date at the end of Range Accrual Period 1.

Range Accrual Period 2: Range Upper Level 120 and Range Lower Level 80. The total number of days in the Range Accrual Period in respect of which the closing price of the Share was less than the applicable Range Upper Level and greater than the applicable Range Lower Level, was 100.

For Range Accrual Period 2 the Interest Amount paid at end of the Period was

100/625 x **12.5% = 2% (GBP20)**

This amount will be paid to the investor on the interest payment date at the end of Range Accrual Period 2.

Maturity Return

The scenarios below do not take into account the above mentioned Interest Amounts (total GBP60) paid independently to the investor.

Scenario A – Digital Return

The Final Share Price is 150 and therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by the Digital Return of 110.00 per cent. T**herefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **110.00% = GBP1,100**

Scenario B – Return of Initial Capital

Not relevant because no Barrier Condition is specified.

Scenario C – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Share Price is 40 and therefore lower than the Return Threshold.

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share price at maturity. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x [**40/100**] = **GBP400**

Example 2 - Downside Return 2 applies and the Final Share Price is 40 and therefore lower than the Return Threshold.

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Share Price at maturity between 100 and 50. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x [**50/100**] = **GBP500**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as described in the overview above, an initial investment of GBP1,000 and an Initial Share Price of 100. The payments detailed below do not include the above-mentioned Interest Amounts (total GBP60) paid independently to the investor.

Final Share Price	Downside Return 1	Downside Return 2
175 (75% higher than Initial Share Price)	GBP1,100	GBP1,100
145 (45% higher than Initial Share Price)	GBP1,100	GBP1,100
101 (1% higher than Initial Share Price)	GBP1,100	GBP1,100
100 (no change from Initial Share Price)	GBP1,100	GBP1,100
99 (1% lower than Initial Share Price)	GBP990	GBP990
55 (45% lower than Initial Share Price)	GBP550	GBP550
25 (75% lower than Initial Share Price)	GBP250	GBP500*

** Here the Final Share Price has fallen below the Lower Strike of 50, however the investor is only exposed to any drop in the Final Share Price between 100 and 50.*

10. Range Accrual (Income) Notes without Capital at Risk – Overview

Interest

The return on the Notes includes specified interest payments (each an "**Interest Amount**"). Each Interest Amount will be paid at the end of each specified period in respect of the number of days in such specified period during which the "level (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is within a specified range of the initial level, price or value (as applicable) of the Underlying, between the "**Range Upper Level**" and the "**Range Lower Level**". Each Interest Amount in respect of each specified period is determined independently and paid to the investor on the related interest payment date.

The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the final level, price or value (as applicable) of the Underlying is used to determine the return of the initial investment.

An investor will receive a cash amount calculated in accordance with the following provisions:

Scenario A – Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than a specified percentage of the initial level, price or value (as applicable) of the Underlying, an investor will receive a cash amount equal to their initial investment multiplied by a specified percentage return of at least 100 per cent. ("**Digital Return**").

Scenario B – Return of Initial Capital

If at maturity the level, price or value (as applicable) of the Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying an investor will receive a cash amount equal to their initial investment with no additional return.

Range Accrual (Income) Notes without Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance a single share (the "**Share**") and assumes an initial investment of GBP1,000 and an "**Initial Share Price**" (i.e. starting price) of 100.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Return Threshold**" is specified as 100 per cent. of the Initial Share Price.

The Note has the potential to pay an interest amount of 10 per cent. of the initial investment for each of two 2.5-year periods (each a "**Range Accrual Period**"). The interest accumulated in respect of each period (the "**Interest Amount**") will be determined by the number of days in the Range Accrual Period in respect of which the Share Price is within a range specified for that Range Accrual Period divided by the total number of days in the Range Accrual Period. The range specified for the first Range Accrual Period is 90 to 110 and the range specified for the second Range Accrual Period is 80 to 120 (90 and 80 being each a "**Range Lower Level**" and 110 and 120 being each a "**Range Upper Level**"). Interest Amounts that are due in respect of each period shall be paid on the related interest payment date at the end of each 2.5 year period.

At the end of Year 5, the Final Share Price will be used to determine the return on the Note. If the Final Share Price is greater than Return Threshold, the investor will receive their initial investment multiplied by 110 per cent. (110 per cent. being the "**Digital Return**").

If the Final Share Price is equal to or lower than the Return Threshold, the investor will receive back their initial investment with no additional return.

The above scenarios are now described in further detail:

Interest Amount

For each scenario below, the Interest Amounts to be paid to the investor are calculated and paid independently of the investor's initial investment that will be paid back at the end of Year 5.

In this worked example, there are two Range Accrual Periods each of 625 days.

Range Accrual Period 1: Range Upper Level 110 and Range Lower Level 90. The total number of days in the Range Accrual Period in respect of which the official closing level of the Share was less than the applicable Range Upper Level and greater than the applicable Range Lower Level, was 200.

For Range Accrual Period 1 the Interest Amount paid at end of the Period was

[**200/625**] x **10% = 3.2% (GBP32)**

This amount will be paid to the investor on the interest payment date at the end of Range Accrual Period 1.

Range Accrual Period 2: Range Upper Level 120 and Range Lower Level 80. The total number of days in the Range Accrual Period in respect of which the official closing level of the Share was less than the applicable Range Upper Level and greater than the applicable Range Lower Level, was 250.

For Range Accrual Period 2 the Interest Amount paid at end of the Period was

[**250/625**] x **10% = 4% (GBP40)**

This amount will be paid to the investor on the interest payment date at the end of Range Accrual Period 2.

Maturity Return

The scenarios below do not take into account the above-mentioned Interest Amount (total GBP72) paid

independently to the investor.

Scenario A – Digital Return

The Final Share Price is 150 and therefore higher than the Return Threshold.

In this case an investor will receive back their initial investment multiplied by the Digital Return of 110.00 per cent. T**herefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **110.00% = GBP1,100**

Accordingly, an investor will receive **GBP1,100**

Scenario B – Return of Initial Capital

The Final Share Price is 50 and therefore lower than the Return Threshold.

In this case an investor will receive their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive**:

GBP1,000 x **100% = GBP1,000**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on various different Final Share Prices with the same elections having been made in respect of the Notes as described in the scenario above, an initial investment of GBP1,000 and an Initial Share Price of 100. The payments detailed below do not include the above-mentioned Interest Amount (total GBP72) paid independently to the investor.

Final Share Price	**Return**
175 (75% higher than Initial Share Price)	GBP1,100
145 (45% higher than Initial Share Price)	GBP1,100
101 (1% higher than Initial Share Price)	GBP1,100
100 (no change from Initial Share Price)	GBP1,000
99 (1% lower than Initial Share Price)	GBP1,000
55 (45% lower than Initial Share Price)	GBP1,000
25 (75% lower than Initial Share Price)	GBP1,000

11. **Reverse Convertible Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

At maturity, the final level, price or value (as applicable) of the Underlying is used to determine the return of the initial investment and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

If the Notes are Equity Linked Notes to which "**Equity Linked Physical Settlement**" is specified to be applicable, on maturity an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying).

In any other case, the potential payouts at maturity for Reverse Convertible Notes with Capital at Risk are as follows:

Scenario A – Return of Initial Investment

If at maturity:

(i) the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Underlying is greater than or equal to a specified percentage of the initial level, price or value (as applicable) of the Underlying; or

(ii) where a "**Barrier Condition**"* is specified, the level, price or value (as applicable) of the Underlying is less than a specified percentage of the initial level, price or value (as applicable) of the Underlying but the Barrier Condition is satisfied,

an investor will receive back a cash amount equal to their initial investment.

Scenario B – Loss of Investment

If at maturity the level, price or value (as applicable) of the Underlying is less than a specified percentage of the initial level, price or value (as applicable) of the Underlying and (if specified as applicable) the Barrier Condition is not satisfied, then:

(i) if, in respect of an Equity Linked Note, "**Downside Only Physical Settlement**" is specified to be applicable, an investor will receive a whole number of units of the Underlying *plus* a cash amount (in place of any fractional amount of the Underlying); or

(ii) otherwise, an investor will receive a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**").

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* The "**Barrier Condition**" is satisfied where the Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Reverse Convertible Notes with Capital at Risk – worked example

Without credit linkage

Overview

The example below is of a five-year Note linked to the performance of the FTSE® 100 index (the "**Index**") and assumes an initial investment of GBP1,000 and an "**Initial Index Level**" (i.e. starting level) of 6,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that at no point during the term of the Note (being the "**Observation Period**") has the level of the Index fallen below 3,000 (i.e. 50 per cent. of the Initial Index Level, being the "**Barrier Threshold**")).

"**Equity Linked Physical Settlement**" and "**Downside Only Physical Settlement**" are specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Index Level.

In addition to being Reverse Convertible Notes with Capital at Risk, the Notes are also "**Fixed Rate**" Notes.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

The Notes will pay a fixed interest rate of 6 per cent. per annum (i.e. GBP60 per GBP1,000 initial investment) regardless of the performance of the Index.

At the end of year 5, the Final Index Level will be used to determine the return on the Note. The "**Final Index Level**" is the closing level of the Index at the end of Year 5.

If the Final Index Level is greater than or equal to the Return Threshold, or the Final Index Level is lower than the Return Threshold, but the Barrier Condition is satisfied, the investor will receive back their initial investment with no additional return (excluding interest payments received).

If the Barrier Condition is not satisfied and the Final Index Level is lower than the Return Threshold, an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 0.5 per cent. ("**Gearing 1**") for every 1 per cent. decrease in the level of the Index between the Initial Index Level and the Final Index Level, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Index between the Initial Index Level and the Final Index Level between 6,000 (i.e. 100 per cent. of the Initial Index Level being the "**Upper Strike**") and 3,000 (i.e. 50 per cent. of the Initial Index Level being the "**Lower Strike**"), including partial percentages.

The above scenarios are now described in further detail:

Interest

For each scenario below, the Interest Amounts to be paid to the investor are calculated and paid independently of the proportion of the investor's initial investment that will be paid back at the end of Year 5. In this worked example, there are five one-year Interest Periods, and Interest is payable as follows:

Year	Interest payable in respect of Interest Period

Year 1	6% (**GBP 60**)
Year 2	6% (**GBP 60**)
Year 3	6% (**GBP 60**)
Year 4	6% (**GBP 60**)
Year 5	6% (**GBP 60**)

Maturity after 5 Years

The scenarios below do not take into account the above-mentioned Interest Amount (total GBP300) paid independently to the investor.

Scenario A – Return of Initial Investment

(i) The Final Index Level is 6,600 and therefore higher than the Return Threshold; or

(ii) The Final Index Level is 5,000 and therefore lower than the Return Threshold, but the Barrier Condition has been satisfied (i.e. the level of the Index has not fallen below the Barrier Threshold at any time during the Observation Period).

In both of these cases an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x **100%** = **GBP1,000**

Scenario B – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Index Level is 4,200, and is therefore lower than the Return Threshold, and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

The Final Index Level (4,200) is 30 per cent. lower than the Initial Index Level (6,000). Therefore an investor's initial investment will be reduced by 15 per cent., as an investor loses 0.5 per cent. for every 1 per cent. fall. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive back:**

GBP1,000 x [[**4,200/6,000**] x **0.5**] = **GBP850**

Example 2 – Downside Return 2 applies and the Final Index Level is 4,200 and is therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

The Final Index Level (4,200) is 30 per cent. lower than the Initial Index Level (6,000). Therefore an investor's initial investment will be reduced by 1 per cent., for every 1 per cent. fall of the Index at maturity between 6,000 and 3,000. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive back**:

GBP1,000 x [**4,200/6,000**] = **GBP700**

Table of further illustrative payouts

The below table shows a number of potential payouts at maturity based on various different Final Index Levels with the same elections having been made in respect of the Notes as are described in the scenario above, an initial investment of GBP1,000 and an Initial Index Level of 6,000. The payments detailed below do not include the above-mentioned Interest Amount (total GBP300) paid independently to the investor.

	Barrier Condition Satisfied		**Barrier Condition not Satisfied**	
Final Index Level	**Downside Return 1**	**Downside Return 2**	**Downside Return 1**	**Downside Return 2**
10,500 (75% higher than Initial Index Level)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
8,700 (45% higher than Initial Index Level)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
6,060 (1% higher than Initial Index Level)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
6,000 (no change from Initial Index Level)	GBP1,000	GBP1,000	GBP1,000	GBP1,000
5,940 (1% lower than Initial Index Level)	GBP1,000	GBP1,000	GBP995	GBP990
3,300 (45% lower than Initial Index Level)	GBP1,000	GBP1,000	GBP775	GBP550
1,500 (75% lower than Initial Index Level)	Not possible*	Not possible*	GBP625	GBP500**

** The Index being 1,500 at maturity means that it would have fallen below 3,000 (i.e. 50% of the Initial Index Level) during the term of the Note. Therefore, the Barrier Condition cannot have been satisfied.*

*** Here the Final Index Level has fallen below the Lower Strike of 3,000. However, the investor is only exposed to any drop in the Final Index Level between 6,000 and 3,000.*

Reverse Convertible Notes with Capital at Risk with Credit Linkage

Basket CLN with Simplified Credit Linkage and General Recovery Rate

Overview

This example works in the same way as the above "*Reverse Convertible Notes with Capital at Risk*" example but the Note is specified to be a "**Basket CLN**"*. This means that in addition to the return on the Note being linked to the performance of the Index, the return of an investor's initial investment is also dependent on the occurrence of a Credit Event in respect of the Reference Entities.

For the purposes of this example, in addition to the elections/features specified above, the following features/elections will be deemed to apply in relation to the Notes:

"**Credit Linked Portion**" is specified to be 100 per cent.

"**Equal Weighting**" is specified to be applicable, which means that the percentage of the Credit Linked Portion linked to each Reference Entity is 50 per cent. (the "**Relevant Portion**").

"**General Recovery Rate**" is specified to be applicable.

The "**Reference Entities**" are specified as Company A plc and Company B plc

"**Simplified Credit Linkage**" is specified to be applicable.

Accordingly, if one of the Reference Entities becomes subject to a Credit Event, a 50 per cent. portion of the investor's initial investment will be at risk. Therefore, for an initial investment of GBP1,000, GBP500 (plus any potential interest amount relating to the such amount) will be at risk for each Credit Event.

In this example Company A plc becomes subject to a Credit Event during the term of the Note.

At the point of Company A plc becoming subject to a Credit Event, payments of the 6 per cent. per annum fixed rate of interest relating to the Relevant Portion (GBP500) linked to Company A plc will cease. Payments of the 6 per cent. per annum fixed rate of interest relating to the Relevant Portion (GBP500) linked to Company B plc will continue.

In order to determine the amount an investor would receive in relation to the Relevant Portion of the Note linked to Company A plc, the following process will be followed:

(i) Upon Company A plc becoming subject to a Credit Event, Investec Bank plc will determine the fair and reasonable Value* of the Relevant Portion of the Note disregarding the effect of the Credit Event to which Company A plc is subject;

** Value is the fair market value of the Note (expressed as a percentage of the initial investment). The fair market value takes into account movements in the underlying, volatility, interest rates and time to maturity and any costs, expenses, fees or taxes incurred by the Issuer in respect of amending or liquidating financial instruments or transactions entered into in connection with the Notes, but disregards the effect of the Credit Event to which Company A plc is subject on the initial investment.*

(ii) Investec Bank plc will then determine the Recovery Rate** for Company A plc.

*** Recovery Rate is the percentage representing the amount investors in unsecured, unsubordinated debt obligations issued or guaranteed by Company A plc are likely to receive as a proportion of the amount they would have received if Company A plc had not become subject to a Credit Event, as determined by reference to an auction coordinated by ISDA in respect of certain obligations of the Reference Entity, or, if no auction is held, a market price as determined by the Calculation Agent.*

(iii) The amount an investor will receive in respect of the affected Relevant Portion will be calculated by multiplying the Value by the Recovery Rate.

The above scenario is now described in further detail:

A: Credit Event in respect of Company A plc – effect on Relevant Portion

Company A plc becomes subject to a Credit Event during the term of the Note and, accordingly, 50 per cent. (GBP500) of the investor's investment is at risk. The 6 per cent. per annum fixed rate of interest relating to the affected amount will cease. Investec Bank plc (acting as calculation agent) determines the amount that an investor would receive in relation to the Relevant Portion is as follows:

(i) The Value of the Relevant Portion is determined to be **80 per cent.**, reflecting a deterioration of the level of the Index at that time.

(ii) The Recovery Rate of Company A plc is determined to be **50 per cent.** (being the amount investors in unsecured, unsubordinated debt obligations issued or guaranteed by Company A plc are likely to receive as a proportion of the amount they would have received if Company A plc had not become subject to a Credit Event) as determined by the Calculation Agent, by reference to an auction coordinated by ISDA in respect of certain obligations of the Reference Entity.

(iii) Investec Bank plc will then multiply the Value by the Recovery Rate. Accordingly, in this example, the investor would receive back:

80% (Value) x 50% (Recovery Rate) = 40% of the GBP500 linked to Company A plc

i.e. GBP500 x 40% = GBP200

This GBP200 will be paid within 60 calendar days plus five business days after the Maturity Date of the Notes.

B. Maturity after 5 Years – remaining Relevant Portion (excluding interest payments received)

As Company A plc was subject to a Credit Event during the term of the Notes, the return linked to the performance of the Index will only be calculated on the remaining Relevant Portion, being the GBP500 of the Note relating to Company B plc (which was not subject to a Credit Event).

Accordingly, using the payouts described in the "*Reverse Convertible Notes with Capital at Risk, Downside 1*" example above:

Scenario A – Return of Initial Investment on the remaining Relevant Portion

(i) The Final Index Level is 6,600 and therefore higher than the Return Threshold; or

(ii) The Final Index Level is 5,000 and therefore lower than the Return Threshold, but the Barrier Condition has been satisfied (i.e. the level of the Index has not fallen below the Barrier Threshold at any time during the Observation Period).

In both of these cases an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, with the Relevant Portion being GBP500, an investor in the Note would receive**:

GBP500 x **100%** = **GBP500**

Scenario B – Loss of Investment on the remaining Relevant Portion

The Final Index Level is 4,200, and is therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

The Final Index Level (4,200) is 30 per cent. lower than the Initial Index Level (6,000). **Therefore an investor's initial investment will be reduced by 15 per cent., as an investor loses 0.5 per cent. for every 1 per cent. fall. Therefore, on an initial investment of GBP1,000, with the Relevant Portion being GBP500, an investor in the Note would receive back**:

GBP500 x [[**4,200/6,000**] x **0.5**] = **GBP425**

*The example set out above would work in an identical way for:

- a "**Single Name CLN**", except that in respect of a Single Name CLN, only one Reference Entity would be specified and the Relevant Portion in respect of such Reference Entity would be 100 per cent.; and

- an "**Index CLN**", except that in respect of a Index CLN, a different number of reference entities may be specified, and the "Relevant Portion" in respect of each such Reference Entity may be different.

Reverse Convertible Notes with Capital at Risk with Credit Linkage

Tranched CLN with Simplified Credit Linkage

Overview

This example works in the same way as the above "*Reverse Convertible Notes with Capital at Risk*" example but the Note is specified to be a "**Tranched CLN**". This means that in addition to the return on the Note being linked to the performance of the Index, the return of an investor's initial investment is also dependent on the occurrence of a Credit Event in respect of the Reference Entities.

For the purposes of this example, in addition to the elections/features specified above, the following features/elections will be deemed to apply in relation to the Notes:

"**Credit Linked Portion**" is specified as 100 per cent.

"**Equal Weighting**" is specified to be applicable.

"**Equal Initial Weighting**" is specified to be applicable

The "**Reference Entities**" are specified as Company A, Company B, Company C, Company D and Company E.

"**Simplified Credit Linkage**" is specified to be applicable.

"**Tranched CLN Percentage**" is specified as 60 per cent.

A "**Tranched CLN Trigger Event**" will occur if Reference Entities representing a percentage greater than or equal to the Tranched CLN Percentage (being 60 per cent.) are subject to a Credit Event. In this example, as "**Equal Initial Weighting**" is specified to apply, the Reference Entities are equally weighted for the purposes of determining whether a Tranched CLN Trigger Event has occurred.

In this example Company A and Company B (together constituting 40 per cent. of the Reference Entities) have previously become subject to a Credit Event. Following the occurrence of Credit Events in relation to Company A and Company B, a Credit Event occurs in relation to Company C. At the point of Company C becoming subject to a Credit Event, 60 per cent. of the Reference Entities will be subject to a Credit Event. As the Tranched CLN Trigger Percentage is 60 per cent., a Tranched CLN Trigger Event will occur.

Following the occurrence of the Tranched CLN Trigger Event, an equally weighted portion of the Credit Linked Portion (the "**Relevant Portion**") is linked to each remaining Reference Entity (the "**Remaining Reference Entities**"). In this example, this means that 50 per cent. of the Credit Linked Portion of the Note will be linked to each of Company D and Company E.

Accordingly, if either of the Remaining Reference Entities becomes subject to a Credit Event, a 50 per cent. portion of the investor's initial investment will be at risk. Therefore, for an initial investment of GBP1,000, GBP500 (*plus* any potential interest amount relating to such amount) will be at lost in respect of each Credit Event.

The above scenario is now described in further detail:

A: Credit Event in respect of Company D following occurrence of a Tranched CLN Trigger Event – effect on Relevant Portion

Company D becomes subject to a Credit Event during the term of the Note and after the occurrence of a Tranched CLN Trigger Event. Accordingly, the value of 50 per cent. (GBP500) of the investor's investment is reduced to zero.

B. Maturity after 5 Years – remaining Relevant Portion (excluding interest payments received)

As Company D was subject to a Credit Event during the term of the Notes, the return linked to the performance of the Index will only be calculated on the remaining Relevant Portion, being the GBP500 of

the Note relating to Company E (which was not subject to a Credit Event).

Accordingly, using the payouts described in the "*Reverse Convertible Notes with Capital at Risk, Downside 1*" example above:

Scenario A – Return of Initial Investment on the remaining Relevant Portion

(i) The Final Index Level is 6,600 and therefore higher than the Return Threshold; or

(ii) The Final Index Level is 5,000 and therefore lower than the Return Threshold, but the Barrier Condition has been satisfied (i.e. the level of the Index has not fallen below the Barrier Threshold at any time during the Observation Period).

In both of these cases an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, with the Relevant Portion being GBP500, an investor in the Note would receive**:

GBP500 x **100%** = **GBP500**

Scenario B – Loss of Investment on the remaining Relevant Portion

The Final Index Level is 4,200, and is therefore lower than the Return Threshold and the Barrier Condition is not satisfied (i.e. the level of the Index has fallen below the Barrier Threshold during the Observation Period).

The Final Index Level (4,200) is 30 per cent. lower than the Initial Index Level (6,000). **Therefore an investor's initial investment will be reduced by 15 per cent., as an investor loses 0.5 per cent. for every 1 per cent. fall. Therefore, on an initial investment of GBP1,000, with the Relevant Portion being GBP500, an investor in the Note would receive back**:

GBP500 x [[**4,200/6,000**] x **0.5**] = **GBP425**

12. **Dual Underlying Kick Out Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Early Redemption on Kick Out

The Notes have the potential for early redemption ("kick out") on a certain date or dates specified in the Final Terms, depending on the performance of the Return Underlying at that time. If the Notes "kick out" early an investor will receive a return of their initial investment *plus* a fixed percentage payment.

Final Redemption

If there has been no "kick out", the return on the Notes at maturity will be based on the performance of the Risk Underlying and the Return Underlying, and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

The potential payouts at maturity for Dual Underlying Kick Out Notes with Capital at Risk are as follows:

Scenario A – Upside Return or Digital Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Return Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Return Underlying, an investor will receive:

(i) if "**Digital Return**" is specified, a cash amount equal to their initial investment multiplied by a specified percentage return;

(ii) if "**Upside Return**" is specified, a cash amount equal to their initial investment *plus* a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between a specified percentage of the initial level, price or value (as applicable) of the Return Underlying and the final level, price or value (as applicable) of the Return Underlying, which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Return Underlying is multiplied, known as "**Gearing 1**").

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and at maturity (i) the level, price or value (as applicable) of the Return Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Return Underlying, (ii) the "**Barrier Condition**"* is satisfied, or, if the Barrier Condition is not satisfied, the level, price or value (as applicable) of the Risk Underlying is greater than such specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, an investor will receive back a cash amount equal to their initial investment with no additional return.

Scenario C – Loss of Investment

If at maturity the level, price or value (as applicable) of the Return Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Return Underlying and (i) the Barrier Condition is not satisfied (or no Barrier Condition is specified) and (ii) the level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Risk

Underlying, an investor will receive a cash amount equal to their initial investment reduced by either:

(i) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(ii) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**").

*The "**Barrier Condition**" is satisfied where the Risk Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Dual Underlying Kick Out Notes with Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the performance of the FTSE® 100 index (the "**Return Underlying**") to determine if there is an early redemption ("**kick out**") or a positive return at maturity and linked to the performance of the S&P 500 Index (the "**Risk Underlying**") to determine if there is any loss of investment. This example assumes an "**Initial Return Level**" (i.e. level of the Return Underlying on the issue date) of 6,000, and an "**Initial Risk Level**" (i.e. level of the Risk Underlying on the issue date) of 2,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that at no point during the term of the Note (being the "**Observation Period**") has the level of the Index comprising the Risk Underlying fallen below 1,200 (i.e. 60 per cent. of the Initial Return Level, being the "**Barrier Threshold**")).

"**Return Threshold**" is specified as 100 per cent. of the Initial Return Level.

"**Risk Threshold**" is specified as 100 per cent. of the Initial Risk Level.

Alternative examples are provided to illustrate the position where (i) Digital Return applies or Upside Return applies, and (ii) Downside Return 1 applies or Downside Return 2 applies.

The Note has the potential to "**kick out**" at the end of years 1, 2, 3 or 4 depending on the performance of the Return Underlying. This means the Note may redeem early, returning the investor's initial investment *plus* a fixed payment, in this case 11.5 per cent. per annum. The determination of whether the Note "**kicks out**" or not at the end of years 1, 2, 3 or 4 does not depend on the performance of the Risk Underlying.

If the Note does not "kick out" early and continues to the end of Year 5, the final level determined in relation to the Return Underlying and the final level determined in relation to Risk Underlying will be used to determine the return on the Note. The "**Final Return Level**" (i.e. the final level determined in relation to the Return Underlying) and the "**Final Risk Level**" (i.e. the final level determined in relation to the Risk Underlying) will each be the average of the closing levels of the relevant Underlying on five specified days at the end of Year 5.

If the Final Return Level is greater than the Return Threshold, the investor will receive:

(i) if Digital Return applies, their initial investment multiplied by 157.5 per cent. (157.5 per cent. being the "**Digital Return**"); or

(ii) if Upside Return applies, their initial investment *plus* any increase in the level of the Return Underlying between the Initial Return Level and the Final Return Level at the end of Year 5 with no upper limit (being the "**Upside Return**").

This return does not depend on the performance of the Risk Underlying.

If the Final Return Level is less than or equal to Return Threshold, and the Barrier Condition is not satisfied and the Final Risk Level is less than or equal to the Risk Threshold, an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Level and the Final Risk Level, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Level and the Final Risk Level between 2,000 (i.e. 100 per cent. of the Initial Risk Level being the "**Upper Strike**") and 1,000 (i.e. 50 per cent. of the Initial Risk Level being the "**Lower Strike**"), including partial percentages.

If the Final Return Level is less than or equal to the Return Threshold but either (i) the Final Risk Level is greater than Risk Threshold and/or (ii) the Barrier Condition is satisfied, then the investor will receive back their initial investment with no additional return.

The above scenarios are now described in further detail:

Early Redemption (kick out)

If at the end of years 1, 2, 3 or 4 the average of the closing levels of the Return Underlying on the relevant anniversary of the Note and the four previous specified days is above 6,000, the Note will redeem early ("kick out") and an investor will receive back a cash amount equal to their initial investment *plus* 11.5 per cent. per annum.

Accordingly, if the Note kicks out at the end of year 2, on an initial investment of GBP1,000 an investor in the Note would receive:

GBP1,000 x **123**% = **GBP1,230**

Accordingly an investor will receive **GBP1,230**

If the Note does not "kick out" at the end of years 1, 2, 3 or 4 (i.e. the level of the Return Underlying is equal to or below 6,000 on each of these dates), the Note will continue to maturity.

Maturity after 5 Years

Scenario A – Upside Return or Digital Return

Example 1 –Digital Return applies and the Final Return Level is 6,600 and therefore higher than the Return Threshold.

In this case an investor will receive back 157.5% of their initial investment. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x **157.5**% = **GBP1,575**

Accordingly an investor will receive **GBP1,575**

Example 2 – Upside Return applies and the Final Return Level is 6,600 and therefore higher than the Return Threshold.

In this case an investor will receive their initial investment *plus* the upside performance of the Return Underlying. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 *plus*

GBP1,000 x [**6,600/6,000 - 1**] **= GBP100**

Accordingly an investor will receive GBP1,000 + GBP100 = **GBP1,100**

Scenario B – Return of Initial Capital

The Final Return Level is 5,000 and therefore lower than the Return Threshold, but (i) the Barrier Condition is satisfied (i.e. the level of the Risk Underlying has not fallen below the Barrier Threshold during the Observation Period) and/or (ii) the Final Risk Level is greater than or equal to the Risk Threshold. In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x **100%** = **GBP1,000**

Scenario C – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Return Level is 5,400 and therefore lower than the

Return Threshold. The Final Risk Level is 1,800 and therefore lower than the Risk Threshold and the Barrier Condition is not satisfied (i.e. the level of the Risk Underlying has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Risk Underlying at maturity. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:`**

GBP1,000 x [**1,800/2,000**] = **GBP900**

Example 2 – Downside Return 2 applies and the Final Return Level is 5,400 and therefore lower than the Return Threshold. The Final Risk Level is 1,800 and therefore lower than the Risk Threshold and the Barrier Condition is not satisfied (i.e. the level of the Risk Underlying has fallen below the Barrier Threshold during the Observation Period).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Risk Underlying at maturity between 2,000 and 1,000. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**1,800/2,000**] = **GBP900**

Table of further illustrative payouts

The table below shows a number of potential payouts at maturity based on an initial investment of GBP1,000 with an Initial Return Level of 6,000, and an Initial Risk Level of 2,000:

		Barrier Condition Satisfied			
Final Risk Level	**Final Return Level**	**Downside Return 1 and Upside Return**	**Downside Return 1 and Digital Return**	**Downside Return 2 and Upside Return**	**Downside Return 2 and Digital Return**
10,500 (75% higher than Initial Return Level	Not relevant	GBP1,750	GBP1,575	GBP1,750	GBP1,575
8,700 (45% higher than Initial Return Level	Not relevant	GBP1,450	GBP1,575	GBP1,450	GBP1,575
6,060 (1% higher than Initial Return Level	Not relevant	GBP1,010	GBP1,575	GBP1,010	GBP1,575
6,000 (no change from Initial Return Level	2,100 (5% higher than Initial Risk Level	GBP1,000	GBP1,000	GBP1,000	GBP1,000
6,000 (no change from Initial Return Level	1,980 (1% lower than Initial Risk Level	GBP1,000	GBP1,000	GBP1,000	GBP1,000
5,940 (1% lower than Initial Return Level	1,800 (10% lower than Initial Risk Level	GBP1,000	GBP1,000	GBP1,000	GBP1,000

5,940 (1% lower than Initial Return Level	1,100 (45% lower than Initial Risk Level	Not possible*	Not possible*	Not possible*	Not possible*
5,940 (1% lower than Initial Return Level	500 (75% lower than Initial Risk Level	Not possible*	Not possible*	Not possible*	Not possible*

** The Risk Underlying being 1,100 or 500 at maturity means that it would have fallen below 1,200 (i.e. 60% of the Initial Risk Level) during the term of the Note. Therefore, the Barrier Condition cannot have been satisfied.*

		Barrier Condition Not Satisfied			
Final Index Level	**Final Index Level**	**Downside Return 1 and Upside Return**	**Downside Return 1 and Digital Return**	**Downside Return 2 and Upside Return**	**Downside Return 2 and Digital Return**
10,500 (75% higher than Initial Return Level	Not relevant	GBP1,750	GBP1,575	GBP1,750	GBP1,575
8,700 (45% higher than Initial Return Level	Not relevant	GBP1,450	GBP1,575	GBP1,450	GBP1,575
6,060 (1% higher than Initial Return Level	Not relevant	GBP1,010	GBP1,575	GBP1,010	GBP1,575
6,000 (no change from Initial Return Level	2,100 (5% higher than Initial Risk Level	GBP1,000	GBP1,000	GBP1,000	GBP1,000
6,000 (no change from Initial Return Level	1980 (1% lower than Initial Risk Level	GBP990	GBP990	GBP990	GBP990
5,940 (1% lower than Initial Return Level	1800 (10% lower than Initial Risk Level	GBP900	GBP900	GBP900	GBP900
5,940 (1% lower than Initial Return Level	1100 (45% lower than Initial Risk Level	GBP550	GBP550	GBP550	GBP550
5,940 (1% lower than Initial Return Level	500 (75% lower than Initial Risk Level	GBP250	GBP250	GBP500*	GBP500*

**Here the Final Risk Level has fallen below the Lower Strike of 1,000. However, the investor is only*

exposed to any drop in the Final Index Level between 2,000 and 1,000.

13. **Dual Underlying Upside Notes with Capital at Risk – Overview**

Interest

The Notes do not bear interest linked to the Underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Final Redemption

The return on the Notes at maturity will be based on the performance of a Return Underlying, and a Risk Underlying and in certain circumstances this may result in the investor receiving an amount less than their initial investment.

The potential payouts at maturity for Dual Underlying Upside Notes with Capital at Risk are as follows:

Scenario A – Greater of Upside Return and Minimum Return

If at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Return Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Return Underlying and either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, an investor will receive:

(i) a cash amount equal to their initial investment; *plus*

(ii) the greater of:

(a) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the initial level, price or value (as applicable) of the Return Underlying, and the final level, price or value (as applicable) of the Return Underlying, which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Return Underlying is multiplied, known as "**Gearing 1**"); and

(b) "**Minimum Return**" being a cash amount equal to their initial investment multiplied by a specified percentage return,

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level, price or value (as applicable) of the Return Underlying is less than or equal to a specified percentage of the initial level, price or value (as applicable) of the Return Underlying and (ii) the Barrier Condition is satisfied or, if the Barrier Condition is not satisfied but the level, price or value (as applicable) of the Risk Underlying is greater than a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, an investor will receive a cash amount equal to their initial investment with no additional return.

Scenario C – Positive Return or Loss of Investment

If at maturity the final level, price or value (as applicable) of the Return Underlying is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Return Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, less than, and

(ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, then investors will receive:

(i) a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying (the "**downside**") (if any); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**") (if any); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"); *plus*

(ii) the greater of:

(a) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the initial level, price or value (as applicable) of the Return Underlying, and the final level, price or value (as applicable) of the Return Underlying, which percentage may be subject to a cap (i.e. maximum amount) or gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Return Underlying is multiplied, known as "**Gearing 1**"); and

(b) "**Minimum Return**" being a cash amount equal to their initial investment multiplied by a specified percentage return.

Scenario D – Loss of Investment

If at maturity the final level, price or value (as applicable) of the Return Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Return Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, then investors will receive:

(i) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(ii) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**"),

*The "**Barrier Condition**" is satisfied where the Risk Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Dual Underlying Upside Notes with Capital at Risk worked example

Overview

The example below is of a five year Note with return linked to the performance of a single share (being the "**Return Underlying**") and risk of loss of initial investment linked to the performance of the FTSE 100 Index (the "**Risk Underlying**") and assumes an initial investment of GBP1,000. This example assumes an "**Initial Return Price**" (i.e. price on the issue date) in respect of the Return Underlying of 1,000 and an "**Initial Risk Level**" (i.e. level on the issue date) of the Risk Underlying of 6,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that the Final Risk Level is above or equal to the Risk Threshold (being the "**Barrier Threshold**")).

"**Return Factor**" is specified as Not Applicable.

"**Return Threshold**" is specified as 100 per cent. of the Initial Share Price.

"**Risk Threshold**" is specified as 100 per cent. of the Initial Risk Level.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

At the end of Year 5, the final price determined in relation to the Return Underlying and the final level determined in relation to Risk Underlying will be used to determine the return on the Note. The "**Final Return Price**" in respect of the Return Underlying is the closing price of the Return Underlying on a specified day at the end of Year 5 and the "**Final Risk Level**" in respect of the Risk Underlying is the closing level of the Risk Underlying on a specified day at the end of Year 5.

If the Final Return Price is greater than the Return Threshold, and the Final Risk Level is greater than the Risk Threshold (which will also mean the Barrier Condition is satisfied), the investor will receive their initial investment *plus* the greater of:

(i) the "**Upside Return**" being 150 per cent. (150 per cent. being "**Gearing 1**") of any increase in the price of the Return Underlying between the Initial Return Price and the Final Return Price at the end of Year 5 with no upper limit; and

(ii) the "**Minimum Return**" being 20 per cent. of their initial investment.

If the Final Return Price is less than or equal to the Return Threshold, and the Final Risk Level is greater than or equal to the Risk Threshold (which will also mean the Barrier Condition is satisfied), the investor will receive back their initial investment with no additional return.

If the Final Return Price is greater than the Return Threshold, and the Final Risk Level is lower than the Risk Threshold (which will also mean the Barrier Condition is not satisfied), the investor will receive their initial investment reduced by an amount linked to the decline in performance of the Risk Underlying *plus* a return linked to the performance of the Return Underlying.

In this scenario, an investor will receive:

(i) a cash amount equal to their initial investment reduced by either

(a) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Level and the Final Risk Level, including partial percentages; or

(b) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Level and the Final Risk Level between 6,000 (i.e. 100 per cent. of the Initial Risk Level being the "**Upper Strike**") and 1,800 (i.e. 30 per cent. of the Initial Risk Level being the "**Lower Strike**"), including partial

percentages; *plus*

(ii) the greater of:

(a) the Upside Return; and

(b) the Minimum Return.

If the Final Return Price is less than or equal to the Return Threshold, and the Final Risk Level is lower than the Risk Threshold (which will also mean the Barrier Condition is not satisfied), an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Level and the Final Risk Level, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Level and the Final Risk Level between 6,000 (i.e. 100 per cent. of the Initial Risk Level being the "**Upper Strike**") and 1,800 (i.e. 30 per cent. of the Initial Risk Level being the "**Lower Strike**"), including partial percentages.

The above scenarios are now described in further detail:

Maturity after 5 Years

Scenario A – Greater of Upside Return and Minimum Return

The Final Return Price is 1,500 and therefore higher than the Return Threshold; and the Final Risk Level is 6,100 and therefore higher than the Risk Threshold (and accordingly higher than the Barrier Threshold so the Barrier Condition is also satisfied).

In this case an investor will receive back a cash amount equal to their initial investment *plus* the greater of (a) Upside Return; and (b) Minimum Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 *plus the greater of*

Upside Return: **GBP1,000** x [**150%** x [[**1,500/1,000] - 1**]] **= GBP750**

Minimum Return: **GBP1,000** x **20%** = **GBP200**

Accordingly an investor will receive GBP1,000 + GBP750 = **GBP1,750**

Scenario B – Return of Initial Capital

The Final Return Price is 900 and therefore less than the Return Threshold; and the Final Risk Level is 6,100 and therefore higher than the Risk Threshold (and accordingly higher than the Barrier Threshold so the Barrier Condition is also satisfied).

In this case an investor will receive back a cash amount equal to their initial investment with no additional return and no reduction of the initial investment. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x **100%** = **GBP1,000**

Scenario C – Positive Return or Loss of Investment

Example 1 – Downside Return 1 applies, and the Final Return Price is 1,500 and therefore higher than the Return Threshold; and the Final Risk Level is 3,000 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive back a cash amount equal to their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Final Risk Level from the Initial Risk Level *plus* the greater of (a)

Upside Return; and (b) Minimum Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**3,000/6,000**] = **GBP500** *plus the greater of*

Upside Return: **GBP1,000** x [**150%** x [[**1,500/1,000] – 1**]] = **GBP750**

Minimum Return: **GBP1,000** x **20%** = **GBP200**

Accordingly an investor will receive GBP500 + GBP750 = **GBP1,250**

Example 2 – Downside Return 2 applies, and the Final Return Price is 1,500 and therefore higher than the Return Threshold; and the Final Risk Level is 3,000 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive back a cash amount equal to their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Final Risk Level from the Initial Risk Level between 6,000 and 1,800 *plus* the greater of (a) Upside Return and (b) Minimum Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**3,000/6,000**] = **GBP500** *plus the greater of*

Upside Return: **GBP1,000** x [**150%** x [[**1,500/1,000]-1**] = **GBP750**

Minimum Return: **GBP1,000** x **20%** = **GBP200**

Accordingly an investor will receive GBP500 + GBP750 = **GBP1,250**

Scenario D – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Return Price is 900 and therefore lower than the Return Threshold and, the Final Risk Level is 3,000 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity, **therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**3,000/6,000**] = **GBP500**

Example 2 – Downside Return 2 applies and the Final Return Price is 900 and therefore lower than the Return Threshold and, the Final Risk Level is 3,000 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity between 6,000 and 1,800, **therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x **[3,000/6,000]** = **GBP500**

Table of further illustrative payouts

The below table shows a number of potential payouts at maturity based on an initial investment of GBP1,000 with an Initial Share Price in respect of the Return Underlying of 1,000 and an Initial Risk Level of 6,000:

		Barrier Condition Satisfied		**Barrier Condition not Satisfied**	
Final Return Price	**Final Risk Level**	**Downside Return 1**	**Downside Return 2**	**Downside Return 1**	**Downside Return 2**
1,500 (50% higher	6,600 (10% higher	GBP1,750	GBP1,750	Not	Not

than Initial Return Price	than Initial Risk Level			possible*	possible*
1,400 (40% higher than Initial Return Price	5,400 (10% lower than Initial Risk Level	Not possible**	Not possible**	GBP1,500	GBP1,500
1,010 (1% higher than Initial Return Price	5,400 (10% lower than Initial Risk Level	Not possible**	Not possible**	GBP 1,100	GBP 1,100
1,000 (no change from Initial Return Price	6,600 (10% higher than Initial Risk Level	GBP1,000	GBP1,000	Not possible*	Not possible*
1,000 (no change from Initial Return Price	5,940 (1% lower than Initial Risk Level	Not possible**	Not possible**	GBP990	GBP990
990 (1% lower than Initial Return Price	3,600 (40% lower than Initial Risk Level	Not possible**	Not possible**	GBP600	GBP600
900 (10% lower than Initial Return Price	1,500 (75% lower than Initial Risk Level	Not possible**	Not possible**	GBP250	GBP300***

** The Barrier Condition will be satisfied if the Final Risk Level is greater than or equal to the Initial Risk Level.*

*** It is not possible for the Barrier Condition to be satisfied if the Final Risk Level is lower than the Risk Threshold.*

**** Here the Final Risk Level has fallen below the Lower Strike of 1,800, however the investor is only exposed to any drop in the Final Risk Level between 6,000 and 1,800.*

14. **Inflation Linked Notes without Capital at Risk – Overview**

Interest

On each specified interest payment date the Notes may pay a fixed rate of interest adjusted to take account of the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date.

The Notes may (instead of, or in addition to, the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Maturity return

In addition to the interest amounts set out above, at maturity the return on the Notes will be an amount determined by the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes, subject always to a minimum return at least equal to the investor's initial investment.

Inflation Linked Notes without Capital at Risk-worked example

Overview

The example below is of a five-year Note linked to the UK Retail Prices Index (the "**RPI**") and assumes an "**Initial Investment**" of GBP1,000, an "**Initial RPI**" (i.e. starting level) of 250.0.

A "**Fixed Rate**" of 2 per cent. and a "**Reference Month**" of March in each year is specified.

Interest Payments

The Note pays an interest amount annually in June of each year. For each interest payment date, the Fixed Rate will be adjusted to take into account the change in inflation between the Initial RPI and the RPI level relating to the Reference Month prior to the relevant interest payment date (which in this case is March in each year). The adjusted interest rate for the Note is calculated as follows:

$$£1{,}000 \times 2\% \times \frac{\text{RPI for the Reference Month relating to the interest payment date}}{\text{Initial RPI of 250.0}}$$

The table below shows a number of potential interest amounts based on an initial investment of GBP1,000 with an Initial RPI of 250.0:

Interest payment date	**Reference Month**	**RPI on Reference Month**	**Change in RPI**	**RPI-adjusted Fixed Rate (= 2% x [RPI on Reference Month / Initial RPI])**	**Interest amount**
June 2018	March 2018	255.0	2.00%	2.040%	GBP20.40
June 2019	March 2019	237.5	- 5.00%	1.900%	GBP19.00
June 2020	March 2020	252.8	1.12%	2.022%	GBP20.22
June 2021	March 2021	256.9	2.76%	2.055%	GBP20.55
June 2022	March 2022	253.2	1.28%	2.026%	GBP20.26

Maturity after Five Years

At the end of year 5, the final RPI ("**Final RPI**") will be used to determine the return on the Note. The Final RPI is the level of the RPI in March 2022 (i.e. the Reference Month prior to maturity).

If the Final RPI is greater than 250.0 (i.e. greater than the Initial RPI), the investor will receive their initial investment *plus* an amount equal to the increase in the RPI at the end of year 5.

If the Final RPI is less than or equal to the Initial RPI, the investor will receive back their initial investment with no additional return.

The above scenarios are now described in further detail. The scenarios below do not take into account the above-mentioned Interest Amounts paid independently to the investor.

Scenario A – Upside Return

The RPI Level is 300 and therefore higher than the Initial RPI.

In this case an investor will receive back an amount equal to the upside performance of the RPI. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP 1,000 x (300/250) **= 120% (GBP1,200)**

Scenario B – No Additional Return

The Final RPI is 200 and therefore less than the Initial RPI.

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x 100% = **GBP1,000**

The table below shows a number of potential payouts at maturity (excluding any interest amounts) based on an initial investment of GBP1,000 with an Initial RPI of 250:

Potential RPI on final Reference Month (March 2022)	**RPI adjusted return**	**Return**
437.5 (75% higher than Initial RPI)	175%	GBP1,750
362.5 (45% higher than Initial RPI)	145%	GBP1,450
252.5 (1% higher than Initial RPI)	101%	GBP1,010
250 (no change from Initial RPI)	100%	GBP1,000
247.5 (1% lower than Initial RPI)	100%	GBP1,000
137.5 (45% lower than Initial RPI)	100%	GBP1,000
62.5 (75% lower than Initial RPI)	100%	GBP1,000

15. **Inflation (Interest only) Linked Notes without Capital at Risk - Overview**

Interest

On each specified interest payment date the Notes will pay an amount of interest determined by the change in the level of the Underlying between (i) a specified month prior to the previous interest payment date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date. Such interest payments may further include an additional fixed amount of interest ("**Margin**") and may be subject to a minimum rate of interest and/or a maximum rate of interest.

The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Maturity return

In addition to the interest amounts set out above, at maturity the Notes will pay back the investor's initial investment, regardless of the performance of the Underlying.

Inflation (Interest only) Linked Notes without Capital at Risk worked example

Overview

The example below is of a five-year Note linked to the UK Retail Prices Index (the "**RPI**") and assumes an "**Initial Investment**" of GBP1,000, an "**Initial RPI**" (i.e. starting level) of 250.0.

A "**Reference Month**" of March in each year and a "**Margin**" of 1 per cent is specified. No minimum rate of interest or maximum rate of interest has been specified.

Interest Amount

The Note pays an interest amount annually in June of each year. For each interest payment date, the Fixed Rate will be adjusted to take into account the change in inflation between the Initial RPI and the RPI level relating to the Reference Month prior to the relevant interest payment date (which in this case is March in each year), *plus* a Margin.

The Note pays an amount of interest determined by the change in the level of the RPI between (i) a specified month prior to the previous Interest Payment Date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes (the "**Previous Reference Month**"), and (ii) a specified month prior to each relevant Interest Payment Date (the "**Current Reference Month**"), *plus* a Margin of 1.00 per cent.

$$£1{,}000 \times \frac{\text{RPI for Current Reference Month - RPI for Previous Reference Month}}{\text{RPI for Previous Reference Month}} + 1\%$$

The amount of interest payable on the Notes will be floored at zero.

The below table shows a number of potential interest amounts based on an initial investment of GBP1,000 with an Initial RPI of 250.0:

Interest payment date	**Current Reference Month**	**RPI on Current Reference Month**	**RPI on Previous Reference Month**	**Change in RPI**	**[RPI on Current Reference Month - RPI on Previous Reference Month / RPI on Previous Reference Month] + 1%)**	**Interest amount**
June 2018	March 2018	255.0	250.0	2.00%	3.00%	GBP30.00
June 2019	March 2019	237.5	255.0	-6.86%	-5.86%	GBP00.00
June 2020	March 2020	252.8	237.5	6.44%	7.44%	GBP74.40
June 2021	March 2021	256.9	252.8	1.62%	2.62%	GBP26.20
June 2022	March 2022	253.2	250.0	1.28%	2.28%	GBP22.80

Maturity after 5 Years

Regardless of the performance of the RPI, the Notes will pay back the investor's initial investment (not taking into account the above-mentioned Interest Amounts paid independently to the investor). **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive back:**

GBP1,000 x 100% = **GBP1,000**

The below table shows a number of potential payouts at maturity (excluding any interest amounts) based on an initial investment of GBP1,000 with an Initial RPI of 250:

Potential RPI on final Reference Month (March 2022)	**RPI-adjusted return**	**Return**
437.5 (75% higher than Initial RPI)	175%	GBP1,000
362.5 (45% higher than Initial RPI)	145%	GBP1,000
252.5 (1% higher than Initial RPI)	101%	GBP1,000
250 (no change from Initial RPI)	100%	GBP1,000
247.5 (1% lower than Initial RPI)	100%	GBP1,000
137.5 (45% lower than Initial RPI)	100%	GBP1,000
62.5 (75% lower than Initial RPI)	100%	GBP1,000

16. **Inflation Linked Notes with Capital at Risk - Overview**

Interest

On each specified interest payment date the Notes may pay a fixed rate of interest adjusted to take account of the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date.

The Notes may (instead of, or in addition to, the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Instalment return

If the Final Terms specify that the Instalment Amount is Inflation Linked, on each specified instalment date the Notes will pay a redemption amount determined by the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the relevant instalment date. In certain circumstances this may result in the investor receiving an amount less than their initial investment.

Maturity return

In addition to the interest amounts set out above, at Maturity the return on the Notes will be an amount determined by the change in the level of the Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes. In certain circumstances this may result in the investor receiving an amount less than their initial investment.

Inflation Linked Notes with Capital at Risk - worked example

Overview

The example below is of a five-year Note linked to the UK Retail Prices Index (the "**RPI**") and assumes an "**Initial Investment**" of GBP1,000, an "**Initial RPI**" (i.e. starting level) of 250.0,

A "**Fixed Rate**" of 2 per cent. and a "**Reference Month**" of March in each year. Instalment Return is not applicable in this example.

Interest Payments

The Note pays an interest amount annually in June of each year. For each interest payment date, the Fixed Rate will be adjusted to take into account the change in inflation between the Initial RPI and the RPI level relating to the Reference Month prior to the relevant interest payment date (which in this case is March in each year). The adjusted interest rate for the Note is calculated as follows:

$$£1{,}000 \times 2\% \times \frac{\text{RPI for the Reference Month relating to the interest payment date}}{\text{Initial RPI of 250.0}}$$

The below table shows a number of potential interest amounts based on an initial investment of GBP1,000 with an Initial RPI of 250.0:

Interest payment date	**Reference Month**	**RPI on Reference Month**	**Change in RPI**	**RPI-adjusted Fixed Rate (= 2% * [RPI on Reference Month / Initial RPI])**	**Interest amount**
June 2018	March 2018	255.0	2.00%	2.040%	GBP20.40
June 2019	March 2019	237.5	- 5.00%	1.900%	GBP19.00
June 2020	March 2020	252.8	1.12%	2.022%	GBP20.22
June 2021	March 2021	256.9	2.76%	2.055%	GBP20.55

June 2022	March 2022	253.2	1.28%	2.026%	GBP20.26

Maturity after Five Years

At the end of year 5, the final RPI ("**Final RPI**") will be used to determine the return on the Note. The **Final RPI** is the level of the RPI in March 2022 (i.e. the Reference Month prior to maturity).

If the Final RPI is greater than 250.0 (i.e. greater than the Initial RPI), the investor will receive their initial investment *plus* an amount equal to the increase in the RPI at the end of year 5.

If the Final RPI is equal to the Initial RPI, the investor will receive back their initial investment with no additional return.

If the Final RPI is less than the Initial RPI, the investor's investment will be reduced by 1 per cent. for every 1 per cent. fall in the RPI, including partial percentages.

The above scenarios are now described in further detail. The scenarios below do not take into account the above-mentioned Interest Amounts paid independently to the investor.

Scenario A – Upside Return

The RPI Level is 300 and therefore higher than the Initial RPI.

In this case an investor will receive back an amount equal to the upside performance of the RPI. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP 1,000 x (300/250) **= 120% (GBP1,200)**

Scenario B – No Additional Return

The Final RPI is 250 and therefore equal to the Initial RPI.

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive:**

GBP1,000 x 100% = **GBP1,000**

Scenario C – Downside Return

The Final RPI is 200 and therefore less than the Initial RPI.

The Final RPI (200) is 20 per cent. lower than the Initial RPI Level (250). Therefore an investor's initial investment will be reduced by 20 per cent., as an investor loses 1 per cent. for every 1 per cent. fall. **Therefore, on an initial investment of GBP1,000, an investor in the Note would receive back:**

GBP1,000 – 20% **= GBP800**

The below table shows a number of potential payouts at maturity (excluding any interest amounts) based on an initial investment of GBP1,000 with an Initial RPI of 250:

Potential RPI on final Reference Month (March 2022)	**RPI-adjusted return**	**Return**
437.5 (75% higher than Initial RPI)	175%	GBP1,750
362.5 (45% higher than Initial RPI)	145%	GBP1,450
252.5 (1% higher than Initial RPI)	101%	GBP1,010
250 (no change from Initial RPI)	100%	GBP1,000
247.5 (1% lower than Initial RPI)	99%	GBP990
137.5 (45% lower than Initial RPI)	55%	GBP550
62.5 (75% lower than Initial RPI)	25%	GBP250

17. **Combined Underlying Linked Upside Notes with Capital at Risk - Overview**

Interest

On each specified interest payment date the Notes may pay either:

(i) if "**Adjusted Fixed/Floating**" is specified, an amount of interest determined by reference to a fixed or floating rate of interest adjusted to take account of the change in the level of the Return Underlying (being an inflation linked index) between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date; and

(ii) if "**Spread Interest**" an amount of interest determined by the change in the level of the Return Underlying (being an inflation linked index) between (i) a specified month prior to the previous interest payment date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date (which change may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Return Underlying is multiplied, known as "**Gearing 1**"). Such interest payments may also include an additional fixed amount of interest ("**Spread**") and may be subject to a minimum rate of interest and/or a maximum rate of interest.

The Notes may (instead of, or in addition to, the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

Maturity return

In addition to the interest amounts set out above, at Maturity the return on the Notes will be an amount determined by both (A) the change in the level of the Return Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes and (B) any decline in performance of the Risk Underlying. In certain circumstances this may result in the investor receiving an amount less than their initial investment.

The potential payouts at maturity for Combined Underlying Upside Notes with Capital at Risk are as follows:

Scenario A – Upside Return

If at maturity the final "**level**" of the inflation index comprising the Return Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level of the Return Underlying and either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the final "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, an investor will receive:

(i) a cash amount equal to their initial investment; *plus*

(ii) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the initial level of the Return Underlying, and the final level of the Return Underlying, which percentage may be subject gearing (i.e. a percentage by which any change in the level of the Return Underlying is multiplied, known as "**Gearing 2**").

Scenario B – Return of Initial Capital

If a Barrier Condition is specified and (i) at maturity the level of the Return Underlying is less than or equal to a specified percentage of the initial level (as applicable) of the Return Underlying and (ii) the Barrier Condition is satisfied or, if the Barrier Condition is not satisfied

but the level, price or value (as applicable) of the Risk Underlying is greater than such specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, an investor will receive a cash amount equal to their initial investment with no additional return.

Scenario C – Positive Return or Loss of Investment

If at maturity the final level of the Return Underlying is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level of the Return Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the final level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, then investors will receive:

(i) a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying (the "**downside**") (if any); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 1**"); or

(b) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**") (if any); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 2**"); *plus*

(ii) an "**Upside Return**" being a cash amount equal to their initial investment amount multiplied by a percentage based on the difference between the initial level of the Return Underlying, and the final level of the Return Underlying, which percentage may be subject to gearing (i.e. a percentage by which any change in the level of the Return Underlying is multiplied, known as "**Gearing 2**").

Scenario D – Loss of Investment

If at maturity the final level of the Return Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level of the Return Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, and (ii) the level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, then investors will receive:

(i) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 1**"); or

(ii) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as

applicable) of the Risk Underlying is multiplied, known as "**Gearing 3**")("**Downside Return 2**").

*The "**Barrier Condition**" is satisfied where the Risk Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Combined Underlying Linked Upside Notes with Capital at Risk - worked example

Overview

The example below is of a five year Note with return linked to any increase in the UK Retail Prices Index (being the "**Return Underlying**") and any loss of capital is linked to any decline in performance of a single share (the "**Risk Underlying**"). This example assumes an initial investment of GBP1,000 and further assumes an "**Initial Inflation Level**" (i.e. starting level) in respect of the Return Underlying of 250.0, and an "**Initial Risk Price**" (i.e. price on the issue date) of the Risk Underlying of 1,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

Adjusted Fixed/Floating Interest with a Fixed Rate applies. A "**Fixed Rate**" of 2 per cent. and a "**Reference Month**" of March in each year is specified.

"**Barrier Condition**" is applicable. The Barrier Condition will be satisfied provided that the Final Risk Price of the Risk Underlying is above or equal to the Risk Threshold (being the "**Barrier Threshold**")).

"**Return Threshold**" is specified as 100 per cent. of the Initial Inflation Level.

"**Risk Threshold**" is specified as 100 per cent. of the Initial Share Price of the Risk Underlying.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

Interest Payments

The Note pays an interest amount annually in June of each year. For each interest payment date, the Fixed Rate will be adjusted to take into account the change in inflation between the Initial Inflation Level and the level of the Return Underlying (the "**Inflation Level**" or "**IL**") relating to the Reference Month prior to the relevant interest payment date (which in this case is March in each year). The adjusted interest rate for the Note is calculated as follows:

$$£1{,}000 \times 2\% \times \frac{\text{RIL for the Reference Month relating to the interest payment date}}{\text{Initial Inflation Level of 250.0}}$$

The below table shows a number of potential interest amounts based on an initial investment of GBP1,000 with an Initial Inflation Level of 250.0:

Interest payment date	**Reference Month**	**Inflation Level on Reference Month**	**Change in Inflation Level**	**IL-adjusted Fixed Rate (= 2% * [IL on Reference Month / Initial IL])**	**Interest amount**
June 2018	March 2018	253.2	1.28%	2.026%	GBP20.26
June 2019	March 2019	255.0	2.00%	2.040%	GBP20.40
June 2020	March 2020	237.5	- 5.00%	1.900%	GBP19.00
June 2021	March 2021	252.8	1.12%	2.022%	GBP20.22
June 2022	March 2022	256.9	2.76%	2.055%	GBP20.55

At the end of year 5, the final Inflation Level determined in respect of the Return Underlying and the final share price determined in respect of the Risk Underlying will be used to determine the return on the Note. The "**Final Inflation Level**" is the level of the Inflation Level in March 2022 (i.e. the Reference Month prior to maturity) and the "**Final Risk Price**" is the closing price of the Risk Underlying at the end of Year 5.

If the Final Inflation Level is greater than the Return Threshold and the Final Risk Price is greater than or equal to the Risk Threshold (which will also mean the Barrier Condition is satisfied), an investor will receive their initial investment; *plus* an "**Upside Return**", being 100 per cent. of any increase in the price of the Return Underlying between the Initial Return Price and the Final Return Price at the end of Year 5 with no upper limit.

If the Final Inflation Level is less than or equal to the Return Threshold, and the Final Risk Price is greater than or equal to the Risk Threshold (which will also mean the Barrier Condition is satisfied), an investor will receive back their initial investment with no additional return.

If the Final Inflation Level is greater than the Return Threshold, and the Final Risk Price is lower than the Risk Threshold (which will also mean the Barrier Condition is not satisfied), the investor will receive their initial investment *plus* the Upside Return, and reduced by an amount linked to the decline in performance of the Risk Underlying.

In this scenario, an investor will receive:

(i) a cash amount equal to their initial investment reduced by either:

(a) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Price and the Final Risk Price, including partial percentages; or

(b) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Price and the Final Risk Price between 1,000 (i.e. 100 per cent. of the Initial Risk Price being the "**Upper Strike**") and 300 (i.e. 30 per cent. of the Initial Risk Price, being the "**Lower Strike**"), including partial percentages; *plus*

(ii) the Upside Return.

If the Final Inflation Level is less than the Return Threshold, and the Final Risk Price is lower than the Risk Threshold (which will also mean the Barrier Condition is not satisfied) an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Price of the Risk Underlying and the Final Risk Price of the Risk Underlying, including partial percentages; or

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. decrease in the level of the Risk Underlying between the Initial Risk Price and the Final Risk Price between 1,000 (i.e. 100 per cent. of the Initial Risk Price, being the "**Upper Strike**") and 300 (i.e. 30 per cent. of the Initial Risk Price, being the "**Lower Strike**"), including partial percentages;.

Maturity after Five Years

The above scenarios are now described in further detail. The scenarios below do not take into account the above-mentioned Interest Amounts paid independently to the investor.

Scenario A – Greater of Upside Return and Minimum Return

The Final Inflation Level is 300 and therefore higher than the Return Threshold; and the Final Risk Price is 1,500 and therefore higher than the Risk Threshold (and accordingly higher than the Barrier Threshold so the Barrier Condition is also satisfied).

In this case an investor will receive back (a) their initial investment *plus* (b) an return based on their initial investment multiplied by the increase in performance of the Return Underlying (the "**Upside Return**"). **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 *plus*

Upside Return: GBP1,000 x [(**300/250)** – 1] **= GBP200**

Accordingly an investor will receive GBP1,000 + GBP200 **= GBP1,200**

Scenario B – Return of Initial Capital

The Final Inflation Level is 200 and therefore less than the Return Threshold and the Final Risk Price is 1,100 and therefore higher than the Risk Threshold (and accordingly higher than the Barrier Threshold so the Barrier Condition is also satisfied).

In this case an investor will receive back a cash amount equal to their initial investment with no additional return and no reduction of the initial investment. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x **100%** = **GBP1,000**

Scenario C – Positive Return or Loss of Investment

Example 1 – Downside Return 1 applies, and the Final Inflation Level is 300 and therefore higher than the Return Threshold; and the Final Risk Price is 500 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive back a cash amount equal to their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Final Risk Price from the Initial Risk Price *plus* the Upside Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**500/1,000**] = **GBP500** *plus*

Upside Return: **GBP1,000** x [(**300/250**) – 1] **= GBP200**

Accordingly an investor will receive GBP500 + GBP200 = **GBP700**

Example 2 – Downside Return 2 applies, and the Final Inflation Level is 300 and therefore higher than the Return Threshold; and the Final Risk Price is 500 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive back a cash amount equal to their initial investment reduced by 1 per cent. for every 1 per cent. fall of the Final Risk Price from the Initial Risk Price between 1000 and 500 *plus* the Upside Return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**500/1,000**] = **GBP500** *plus*

Upside Return: GBP1,000 x [(**300/250**) – 1] **= GBP200**

Accordingly an investor will receive GBP500 + GBP200 = **GBP700**

Scenario D – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Inflation Level is 200 and therefore lower than the Return Threshold and, the Final Risk Price is 500 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity, **therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**500/1,000**] = **GBP500**

Example 2 – Downside Return 2 applies and the Final Inflation Level is 200 and therefore lower than the Return Threshold and, the Final Risk Price is 500 and therefore lower than the Risk Threshold (and accordingly lower than the Barrier Threshold so the Barrier Condition is not satisfied).

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity between 1,000 and 500, **therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**500/1,000**] = **GBP500**

The below table shows a number of potential payouts at maturity (excluding any interest amounts) based on an initial investment of GBP1,000 where the Initial Inflation Level is 250 and the Initial Risk Price is 1,000:

		Barrier Condition Satisfied		**Barrier Condition not Satisfied**	
Final Inflation Level	**Final Risk Price**	**Downside Return 1**	**Downside Return 2**	**Downside Return 1**	**Downside Return 2**
425 (70% higher than Initial Inflation Level)	1,100 (10% higher than Initial Risk Price	GBP1,700	GBP1,700	Not possible*	Not possible*
350 (40% higher than Initial Inflation Level)	900 (10% lower than Initial Risk Price	Not possible**	Not possible**	GBP1,300	GBP1,300
252.5 (1% higher than Initial Inflation Level)	900 (10% lower than Initial Risk Price	Not possible**	Not possible**	GBP 910	GBP 910
250 (no change from Initial Inflation Level)	1,100 (10% higher than Initial Risk Price	GBP1,000	GBP1,000	Not possible*	Not possible*
250 (no change from Initial Return Price	990 (1% lower than Initial Risk Price	Not possible**	Not possible**	GBP990	GBP990
247.5 (1% lower than Initial Return Price	600 (40% lower than Initial Risk Price	Not possible**	Not possible**	GBP600	GBP600
225 (10% lower than Initial Return Price	250 (75% lower than Initial Risk Price	Not possible**	Not possible**	GBP250	GBP300***

** The Barrier Condition will be satisfied if the Final Risk Price is greater than the Risk Threshold of the Risk Underlying.*

*** It is not possible for the Barrier Condition to be satisfied if the Final Risk Price is lower than the Risk Threshold of the Risk Underlying.*

**** Here the Final Risk Price has fallen below the Lower Strike of 300, however the investor is only exposed to any drop in the Final Risk Price between 1,000 and 300.*

18. **Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk - Overview**

Interest

On each specified interest payment date the Notes may pay either:

(i) if "**Adjusted Fixed/Floating**" is specified, an amount of interest determined by reference to a fixed or floating rate of interest adjusted to take account of the change in the level of the Return Underlying (being an inflation linked index) between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date; and

(ii) if "**Spread Interest**" an amount of interest determined by the change in the level of the Return Underlying (being an inflation linked index) between (i) a specified month prior to the previous interest payment date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date (which change may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Return Underlying is multiplied, known as "**Gearing 1**"). Such interest payments may also include an additional fixed amount of interest ("**Spread**") and may be subject to a minimum rate of interest and/or a maximum rate of interest.

Maturity return

In addition to the interest amounts set out above, at Maturity the return on the Notes will be the minimum of (i) an amount equal to an investor's initial investment and (ii) an amount determined by reference to the decline (if any) in a Risk Underlying (being an index, a share, a basket of indices or basket of shares). In certain circumstances this may result in an investor receiving an amount less than their initial investment.

The potential payouts at maturity for Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk are as follows:

Scenario A – Return of Initial Capital

If either (A) at maturity the "**level**" (in respect of an index or a basket of indices), "**price**" (in respect of a share) or "**value**" (in respect of a basket of shares) of the Risk Underlying is (i) where no "**Barrier Condition**"* is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying, or (B) where a Barrier Condition is specified to apply, the Barrier Condition is satisfied, an investor will receive a cash amount equal to their initial investment with no additional return.

Scenario B – Loss of Investment

If at maturity the final level, price or value (as applicable) of the Risk Underlying is (i) where no Barrier Condition is specified, less than, and (ii) where a Barrier Condition is specified, less than or equal to, a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying and (i) either no Barrier Condition is specified, or where a Barrier Condition is specified, such Barrier Condition is not satisfied, then investors will receive a cash amount equal to their initial investment reduced by either:

(i) if Downside Return 1 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying (the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 1**"); or

(ii) if Downside Return 2 is specified to be applicable, an amount linked to the decline in performance of the Risk Underlying between certain specified levels, prices or values (as applicable) (such levels, prices or values (as applicable) being the "**Upper Strike**" and

the "**Lower Strike**" respectively)(the "**downside**"); this downside performance may be subject to gearing (i.e. a percentage by which any change in the level, price or value (as applicable) of the Risk Underlying is multiplied, known as "**Gearing 2**")("**Downside Return 2**").

*The "**Barrier Condition**" is satisfied where the Risk Underlying has not fallen below a specified percentage of the initial level, price or value (as applicable) of the Risk Underlying either: (i) at any time during the period specified in the applicable Final Terms or (ii) on a particular date or dates specified in the applicable Final Terms.

Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk - worked example

Overview

The example below is of a five year Note with return linked to the UK Retail Prices Index (being the "**Return Underlying**") in relation to payments of interest, and a single share (the "**Risk Underlying**") in relation to return at maturity. This example assumes an initial investment of GBP1,000 and further assumes an "**Initial Risk Price**" (i.e. Share price on the issue date) of the Risk Underlying of 1,000.

For the purposes of this example, the following features/elections will be deemed to apply in relation to the Notes:

Spread Interest applies. "**Spread**" is 1 per cent., "**Gearing 1**" is 150 per cent. and the "**Reference Month**" is March in each year is specified.

"**Barrier Condition**" is specified as Not Applicable.

"**Risk Threshold**" is specified as 100 per cent. of the Initial Risk Price.

Alternative examples are provided to illustrate the position where Downside Return 1 applies and where Downside Return 2 applies.

Interest Payments

The Note pays an amount of interest determined by the change in the level (the "**Inflation Level**" or "**IL**") of the Return Underlying between (i) a specified month prior to the previous Interest Payment Date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes (the "**Previous Reference Month**"), and (ii) a specified month prior to each relevant Interest Payment Date (the "**Current Reference Month**") , *plus* a Spread of 1.00 per cent.

$$£1{,}000 \times \left(\frac{\text{RIL for Current Reference Month - IL for Previous Reference Month}}{\text{Inflation for Previous Reference Month}} \times 150\%\right) + 1\%$$

The amount of interest payable on the Notes will be floored at zero.

The below table shows a number of potential interest amounts based on an initial investment of GBP1,000 with an Initial Inflation Level of 250.0:

Interest payment date	**Current Reference Month**	**Inflation on Current Reference Month**	**Inflation on Previous Reference Month**	**Change in Inflation**	**[IL on Current Reference Month - IL on Previous Reference Month / IL on Previous Reference Month] + 1%)**	**Interest amount**
June 2018	March 2018	255.0	250.0	2.00% x 150% = 3.00%	4.00%	GBP40.00
June 2019	March 2019	237.5	255.0	- 6.86% x 150% = -10.294%	-9.294%	GBP00.00
June 2020	March 2020	252.8	237.5	6.44% x 150% = 9.663%	10.663%	GBP106.63

June 2021	March 2021	256.9	252.8	1.62% 150% = 2.433%	3.433%	GBP34.33
June 2022	March 2022	253.2	250.0	1.28% 150% = 1.920%	2.920%	GBP29.20

At the end of year 5, the final share price determined in respect of the Risk Underlying will be used to determine the return on the Note. The "**Final Risk Price**" is the closing price of the Risk Underlying at the end of year 5.

If the Final Risk Price is greater than or equal to the Risk Threshold, the investor will receive a cash amount equal to their initial investment with no additional return.

If the Final Risk Price is less than the Risk Threshold an investor's investment will be reduced by either:

(i) if Downside Return 1 applies, 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity, including partial percentages.

(ii) if Downside Return 2 applies, 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity between 1,000 (i.e. 100 per cent. of the Initial Risk Price being the "**Upper Strike**") and 300 (i.e. 30 per cent. of the Initial Risk Price being the "**Lower Strike**"), including partial percentages.

Maturity after Five Years

The above scenarios are now described in further detail. The scenarios below do not take into account the above-mentioned Interest Amounts paid independently to the investor.

Scenario A – Return of Initial Capital

The Final Risk Price is 1,100 and therefore higher than the Risk Threshold.

In this case an investor will receive back a cash amount equal to their initial investment with no additional return. **Therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x **100%** = **GBP1,000**

Scenario B – Loss of Investment

Example 1 – Downside Return 1 applies and the Final Risk Price is 500 and therefore lower than the Risk Threshold.

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity, **therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**1,000/500**] = **GBP500**

Example 2 – Downside Return 1 applies and the Final Risk Price is 500 and therefore lower than the Risk Threshold.

In this case an investor will receive their initial investment reduced by 1 per cent. for every 1 per cent. fall in the level of the Risk Underlying at maturity between 1,000 and 500, **therefore, on an initial investment of GBP1,000 an investor in the Note would receive:**

GBP1,000 x [**1,000/500**] = **GBP500**

The below table shows a number of potential payouts at maturity (excluding any interest amounts) based

on an initial investment of GBP1,000 where the Initial Risk Price is 1,000:

Final Risk Price	**Downside Return 1**	**Downside Return 2**
1750 (75% higher than Initial Risk Price)	GBP1,000	GBP1,000
1450 (45% higher than Initial Risk Price)	GBP1,000	GBP1,000
1010 (1% higher than Initial Risk Price)	GBP1,000	GBP1,000
1000 (no change from Initial Risk Price)	GBP1,000	GBP1,000
990 (1% lower than Initial Risk Price)	GBP990	GBP990
550 (45% lower than Initial Risk Price)	GBP550	GBP550
250 (75% lower than Initial Risk Price)	GBP250	GBP300*

** Here the Final Risk Price has fallen below the Lower Strike of 300, however the investor is only exposed to any drop in the Final Risk Price between 1,000 and 300.*

Please note: The worked examples provided in this Section (*Description of the Potential Payouts*) are produced for illustrative purposes only. The analysis is based on simplifying assumptions and hypothetical figures, and does not reflect a complete analysis of all possible gain and loss scenarios that may arise under any actual investment in the Notes. No representation or warranty is made by the Issuer or any of its affiliates that any scenario shown above can be duplicated under any actual investment in the Notes. Actual results may vary from the results shown above, and variations may be material. The mark-to-market value of the Notes can fluctuate either upward or downward due to changes in prevailing market conditions. Accordingly, if an investment in the Notes is unwound, repurchased or otherwise redeemed whether at or prior to its stated maturity, investors in such Notes may receive less than the purchase price of the Notes and therefore sustain a loss which in a worst case scenario may be equal to their invested amount.

Potential investors should note that the headings included in the product overviews and worked examples describing each potential payout are for reference only and do not constitute a guarantee of any particular return. Investors should particularly note that where a heading references a positive return or return of investors initial investment, if the formula for such return includes a Return Factor of less than one, or an FX Factor of less than one is applicable to any part of such return, the return may be reduced and may be such return may be lower than the initial investment. Investors in Notes that feature a Return Factor of less than one, or an FX Factor should read the risk factors entitled "*Return Factor – Return of Initial Investment in relation to Upside Notes with Capital at Risk, Geared Booster Notes with Capital at Risk and Lock-In Call Notes with Capital at Risk*" and "*FX Factors – all Notes*" and should read the worked example set out for "Upside Notes with Capital at Risk" which includes a Return Factor and FX Factors.

GENERAL CONDITIONS OF THE NOTES

*The following are the general conditions of the Notes (the "**Conditions**"), which, together with the Terms and Additional Terms (as defined below) and as completed by the Final Terms will be endorsed on each Note in definitive form definitive Note and will be incorporated by reference into each Global Note (as defined below) as amended to the extent described under the section entitled "Summary of Provisions Relating to the Notes while in Global Form".*

The following is also the text of the Conditions of the Notes which (together with the Terms and Additional Terms (as defined below) and as completed by the Final Terms) will be applicable to the Uncertificated Registered Notes, the Nordic Notes and Italian Notes (which will not be evidenced by any physical note or document of title other than statements of account made in the relevant NCSD).

*In addition to these Conditions, certain terms and redemption provisions relating (as applicable) to Equity Linked Notes (as set out in Part B of this Base Prospectus), Index Linked Notes (as set out in Part B of this Base Prospectus), Dual Underlying Linked Notes (as set out in Part B of this Base Prospectus), Inflation Linked Notes (as set out in Part C of this Base Prospectus) or Combined Underlying Linked Notes (as set out in Part D of this Base Prospectus) (the "**Terms**") will apply to the Notes if so specified in the relevant Final Terms.*

*Further, in addition to the Conditions and any Terms applicable to the Notes, certain further additional terms relating to the Secured Notes (as set out in Part E of this Base Prospectus) and/or Credit Linked Notes (as set out in Part F of this Base Prospectus) (the "**Additional Terms**") will apply to the Notes if so specified in the relevant Final Terms.*

This Note is one of a Series (as defined below) of Notes issued by Investec Bank plc (the "**Issuer**") constituted by a principal trust deed most recently amended and restated on or about 19 July 2017 (such principal trust deed as further modified and/or supplemented and/or restated from time to time, the "**Principal Trust Deed**") made between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee and any other person or persons from time to time acting as Trustee under the Principal Trust Deed), as supplemented in relation to any Series of Secured Notes by a supplemental trust deed relating to the Collateral Pool (as defined below) securing such Series of Notes (such supplemental trust deed, as amended and/or supplemented and/or restated from time to time, the "**Supplemental Trust Deed**") and made between the Issuer, the Custodian (as defined below) and the Trustee.

References herein to the "**Trust Deed**" shall mean, in relation to any Series of Notes:

(i) if such Series is a Series of Unsecured Notes, the Principal Trust Deed; and

(ii) if such Series is a Series of Secured Notes, the Principal Trust Deed together with the Supplemental Trust Deed relating to such Series.

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

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

(ii) any Global Note;

(iii) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form;

(iv) any definitive Notes in certificated registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form);

(v) in relation to any uncertificated registered notes ("**Uncertificated Registered Notes**"), units of each Specified Denomination in the Specified Currency;

(vi) in relation to any notes which are issued in uncertificated and dematerialised book-entry form in an NCSD ("**Nordic Notes**"), units of each Specified Denomination in the Specified Currency; and

(vii) in relation to any notes which are issued uncertificated and dematerialised book-entry form and centralised with the Italian CSD, pursuant to Italian Legislative Decree dated 24 February 1998, No. 58, as amended and integrated by subsequent implementing provisions ("**Italian Notes**", and together with the Nordic Notes, the "**Dematerialised Notes**"), units of each Specified Denomination in the Specified Currency.

For the avoidance of doubt, references herein to "Registered Notes" do not include Uncertificated Registered Notes or Dematerialised Notes.

The Notes (other than the Dematerialised Notes), the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement most recently amended and restated on or about 19 July 2017 (such agency agreement, as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Trustee and Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor agent) and the other paying agent named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as registrar in relation to Registered Notes (the "**Registrar**", which expression shall include any additional or successor registrar) and the other transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents), Deutsche Bank AG, London Branch as custodian (the "**Custodian**", which expression shall include any additional or successor custodian) with respect to Secured Notes and Deutsche Bank AG, London Branch as verification agent (the "**Verification Agent**", which expression shall include any additional or successor verification agent) with respect to Secured Notes. The Issuer will also appoint Investec Bank plc as calculation agent (the "**Calculation Agent**", which expression shall include any successor calculation agents) to carry out any necessary calculations or valuations in respect of the Notes (unless specified otherwise). In addition, the Issuer has entered into an agency agreement with Computershare Investor Services plc and the Trustee most recently amended and restated on or about 4 March 2016 (such agency agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the former as registrar and paying agent (the "**CREST Registrar**", which expression shall include any additional or successor registrar) with respect to Uncertificated Registered Notes.

The Nordic Notes are the subject of an issuing and paying agent agreement and a custody agreement each dated on or about 19 July 2017 (as supplemented, amended and/or replaced from time to time and together constituting the "**Nordic Agency Agreement**") between the Issuer, the Trustee and Skandinaviska Enskilda Banken AB (publ) ("**SEB**") as agent in respect of the Nordic Notes (the "**Nordic Paying Agent**", which expression includes any successor agent appointed from time to time in connection with the Nordic Notes). The Nordic Paying Agent will act as agent of the Issuer in respect of all dealings with NCSDs in respect of the Nordic Notes.

The Italian Notes are the subject of an agency agreement dated on or about 19 July 2017 (as supplemented, amended and/or replaced from time to time, the "**Italian Agency Agreement**") between the Issuer, the Trustee and Deutsche Bank S.p.A. ("**DB Milan**") as agent in respect of the Italian Notes (the "**Italian Paying Agent**", which expression includes any successor agent appointed from time to time in connection with the Italian Notes). The Italian Paying Agent will act as agent of the Issuer in respect of all dealings with the Italian CSD in respect of the Italian Notes.

Interest-bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue.

Registered Notes, Uncertificated Registered Notes, Dematerialised Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue, and any references to in these Conditions to Coupons, Receipts and Talons shall not apply to such types of Notes.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the "**Noteholders**", which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Principal Trust Deed, the Computershare Agency Agreement and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee, being at Winchester House, 1 Great Winchester Street, London EC2N 2DB and at the specified office of each of the Principal Paying Agent, the Registrar, the CREST Registrar, the Nordic Paying Agent, the Italian Paying Agent and any other Paying Agents and Transfer Agents (such Principal Paying Agent, the Registrar, the CREST Registrar, the Nordic Paying Agent, the Italian Paying Agent and any other Paying Agents and Transfer Agents being together referred to as the "**Agents**"). Copies of the applicable Final Terms and any applicable Supplemental Trust Deed are available for viewing at, and copies may be obtained from, Investec Bank plc, 2 Gresham Street, London EC2V 7QP, or from Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms and any applicable Supplemental Trust Deed will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Trustee or (as the case may be) the relevant Agent as to its holding of such Notes and identity.

The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by and are entitled to the benefit of, all the provisions of the Trust Deed and the applicable Final Terms which are applicable to them, and are deemed to have notice of all the provisions of the Agency Agreement and the Computershare Agency Agreement.

Noteholders in relation to Nordic Notes are bound by, and are deemed to have notice of, all the provisions of the Nordic Agency Agreement and copies of the Nordic Agency Agreement are available for inspection by holders during normal business hours at the specified office of the Nordic Paying Agent.

Noteholders in relation to Italian Notes are bound by, and are deemed to have notice of, all the provisions of the Italian Agency Agreement and copies of the Italian Agency Agreement are available for inspection by holders during normal business hours at the specified office of the Italian Paying Agent.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Agency Agreement, the Computershare Agency Agreement, the Nordic Agency Agreement, the Italian Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed, the Agency Agreement and the Computershare Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed, Agency Agreement or the Computershare Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

(a) Form

The Notes are in bearer form, registered form, uncertificated registered form or uncertificated and dematerialised book-entry form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s).

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Equity Linked Note, an Index Linked Note, a Dual Underlying Linked Note, an Inflation Linked Note, a Combined Underlying Linked Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Instalment Note, an Equity Linked Note, an Index Linked Note, a Dual Underlying Linked Note, an Inflation Linked Note, Combined Underlying Linked Note or a combination of any of the foregoing, depending upon the Redemption/ Payment Basis shown in the applicable Final Terms.

This Note may be an Unsecured Note or a Secured Note, depending on the Security Status shown in the applicable Final Terms.

This Note may be a Credit Linked Note, depending on whether Credit Linkage is specified as being applicable in the applicable Final Terms.

(b) Denomination

The aggregate principal amount and denomination of the Notes will be specified in the applicable Final Terms.

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes, Uncertificated Registered Notes, Dematerialised Notes and *vice versa*.

(c) Title

(i) *Bearer Notes and Registered Notes*

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, any Agent and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of

principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, any Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

(ii) ***Uncertificated Registered Notes***

The Uncertificated Registered Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Regulations. Title to the Uncertificated Registered Notes is recorded on the relevant Operator register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertified corporate securities (the "**Record**") in relation to the Uncertificated Registered Notes and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**holder of Uncertificated Registered Notes**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Notes.

Title to Uncertificated Registered Notes will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Notes (including transfers of Uncertificated Registered Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provisions of these Conditions as amended in accordance with the applicable Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Notes in uncertificated form, (II) the transfer of title to Uncertificated Registered Notes by means of a relevant system or (III) the Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Final Terms, so long as the Uncertificated Registered Notes are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Notes shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Notes may be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Final Terms in relation

to any Uncertificated Registered Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Note.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Regulations and the relevant Operator (as such term is used in the Regulations) is Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited) or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Notes and in accordance with the Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Notes in accordance with Condition 13 (*Notices*).

Except in the limited circumstances provided in the Trust Deed, Notes in definitive registered form will not be issued, either initially or in exchange for an Uncertificated Registered Note.

(iii) ***Nordic Notes***

Notes designated as "Finnish Notes" or "Swedish Notes" in the Final Terms (the "**Nordic Notes**") will be issued in uncertificated and dematerialised book-entry form in accordance with the NCSD Rules.

In respect of Nordic Notes, "**Noteholder**", "**holder of Notes**" or "**holder of Nordic Notes**" means the person in whose name a Nordic Note is registered in the NCSD Register and shall include any person duly authorised to act as a nominee and so registered in respect of such Nordic Note.

Title to Nordic Notes will pass upon registration of the transfer in the NCSD Register.

Transfers of Nordic Notes are effected upon entry in the NCSD Register of an account transfer from a Noteholder's book-entry securities account to another book-entry securities account (except where the Nordic Notes are nominee-registered and are transferred from one book-entry securities account to another book-entry securities account with the same nominee) in accordance with the NCSD Rules. No Noteholder may require the transfer of its Nordic Notes to be registered during a closed period pursuant to the NCSD Rules.

The Issuer, the Nordic Paying Agent and the Trustee shall be entitled to obtain information from the NCSD Registers to the fullest extent permissible, subject to any mandatory provisions in the relevant NCSD Rules.

"**Finnish CSD**" means Euroclear Finland Oy, Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland;

"**Finnish Notes**" means any Series of Notes specified as such in the applicable Final Terms;

"**NCSD**" means the Finnish CSD and/or Swedish CSD, as applicable.

"**NCSD Register**" means the book entry register maintained by the relevant NSCD on behalf of the Issuer in respect of the relevant Notes;

"**NCSD Rules**" means any Finnish or, as applicable, Swedish legislation, regulations, rules and operating procedures applicable to and/or issued by the relevant NCSD (including but not limited to, the Finnish Act on Book-Entry Securities System and Clearing Operations (Fi.: *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (19.6.2017/348, as amended), the Finnish Act on Book-Entry Accounts (Fi.: *laki arvo-osuustileistä* (17.5.1991/827, as amended) and the Swedish Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479) *lagen om*

värdepapperscentraler och kontoföring av finansiella instrument) (in each case as amended and/or replaced from time to time;

"**Nordic Notes**" means Swedish Notes or Finnish Notes, as applicable;

"**Swedish CSD**" Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden; and

"**Swedish Notes**" means any Series of Notes specified as such in the applicable Final Terms.

(iv) ***Italian Notes***

Italian Notes will be issued in uncertificated and dematerialised book-entry form and centralised with the Italian CSD.

The Italian CSD opens specific securities accounts in order to record the centralised financial instruments: (i) accounts are opened in the name of each issuer, each of which shall be subdivided into as many sub-accounts as the number of the issues of centralised financial instruments; and (ii) accounts are opened in the name of each intermediary – distinct own accounts and "third party" accounts – each of which shall be subdivided into sub-accounts for each type of centralised financial instrument.

The person who is for the time being shown in the records of the Italian CSD as the holder of a particular amount of Italian Notes (in which regard any certificate, record or other document issued by the Italian CSD as to the amount of Notes standing to the account of such person shall be conclusive and binding for all purposes save in the case of manifest error) shall (except as otherwise required by law) be treated for all purposes by the Issuer, the Italian Paying Agent and all other persons dealing with such person, as the holder thereof and as the person entitled to exercise the rights represented thereby notwithstanding any notice to the contrary (and the expressions "**Noteholder**", "**holder of Notes**" or "**holder of Italian Notes**" and related expressions shall be construed accordingly).

Italian Notes held through the Italian CSD are freely transferable by way of book entry in the accounts registered on the settlement system of the Italian CSD. All such transfers must be carried out in accordance with the requirements set out in the Italian CSD Rules. Any transfers failing to comply with such requirements shall be ineffective.

"**Italian CSD**" means Monte Titoli S.p.A. with registered office and principal place of business at Piazza degli Affari 6, 20123 Milan, Italy.

"**Italian CSD Rules**" means the Italian Legislative Decree dated 24 February 1998, No. 58, as amended and integrated by subsequent implementing provisions, CONSOB and Bank of Italy Joined Regulation dated 22 February 2008, as subsequently amended and supplemented and any other rules, procedures and regulations applicable to Monte Titoli S.p.A.

2. TRANSFERS OF REGISTERED NOTES

(a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

(b) **Transfers of Registered Notes in definitive form**

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 2 (*Register and Transfer of Registered Notes*) to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) **Costs of registration**

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

(d) **Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. **STATUS OF THE NOTES**

The Notes and the relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of the Additional Terms of the Secured Notes) unsecured obligations of the Issuer that rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) at least equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. **INTEREST**

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

(i) ***Interest Periods and Interest Payment Dates***

Unless otherwise specified in the applicable Final Terms or in Condition 4(l) (*Interest on Swedish Notes*), each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Subject to sub-paragraph (iii) below, interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes and

will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount.

In respect of Notes in definitive form, if a Fixed Coupon Amount is provided in the applicable Final Terms the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will be the Fixed Coupon Amount specified as an amount per Calculation Amount in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date. Except in the case of Notes in definitive form where Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms and subject to sub-paragraph (ii) below and Condition 4(m) (*FX Factors*), the "**Interest Amount**" payable shall be calculated in respect of any Fixed Rate Period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the aggregate outstanding nominal amount of the Notes; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (if specified), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) of interest payable in relation to the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination (or, in respect of Instalment Notes, the Specified Denomination as reduced in proportion with any reduction of the outstanding nominal amount pursuant to Condition 6(a)(ii)) without any further rounding.

(ii) ***Instalment Notes***

In respect of Fixed Rate Notes that are also Instalment Notes, in the event that an Instalment Date (or, if later, the Relevant Date in respect of an Instalment Amount) falls on a date other than an Interest Payment Date, then the "**Interest Amount**" payable in respect of the Fixed Interest Period in which such Instalment Date (or, if later, the Relevant Date in respect of such Instalment Amount) falls shall be calculated as follows:

(A) in respect of the period from (and including) the Interest Payment Date (or Interest Commencement Date) immediately preceding the first Instalment Date (or, if later, Relevant Date in respect of the relevant Instalment Amount) falling in the Interest Period (the "**First Instalment Date**") to (but excluding) the First Instalment Date, interest shall be calculated in accordance with the provisions of this Condition 4(a) on the basis of the outstanding nominal amount as of the Business Day preceding the relevant First Instalment Date; and

(B) in respect of any period from (and including) an Instalment Date (or, if later, Relevant Date in respect of such Instalment Amount) (the "**Initial Instalment Date**") to (but excluding) the earlier of (i) the Interest Payment Date following the Initial Instalment Date or (ii) a further Instalment Date (or, if later, Relevant Date in respect of such Instalment Amount) falling in the same Interest Period, interest shall be calculated in accordance with the provisions of this Condition 4(a) on the basis of the outstanding nominal amount as adjusted following the Initial Instalment Date.

For the avoidance of doubt, (subject to sub-paragraph (iii) below) the total aggregate interest payable in respect of the Interest Period shall be payable on the relevant Interest Payment Date,

and no amount of interest shall be payable on the Instalment Date (or, if later, Relevant Date in respect of such Instalment Amount).

(iii) ***Cumulative Interest Notes***

In relation to Fixed Rate Notes in respect of which "Cumulative Interest" is specified to be applicable in the applicable Final Terms, interest will be payable in arrears on each Cumulative Interest Payment Date, on which date the interest payable will be the sum of the Interest Amounts which would otherwise have been payable on each Interest Payment Date falling in the period from but excluding the previous Cumulative Interest Payment Date (or Interest Commencement Date, as applicable) to and including the relevant Multiple Rate Payment Date. For the avoidance of doubt, no interest will accrue on the Interest Amounts which, but for this Condition 4(a)(iii), would have been payable on the relevant Interest Payment Date.

In these Conditions:

"**Day Count Fraction**" has the meaning given to it in Condition 4(b) (*Interest on Floating Rate Notes*).

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

(b) **Interest on Floating Rate Notes**

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

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and, subject to sub-paragraph (vii) below, such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each "**Interest Period**" (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Floating Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note interest will be calculated on its outstanding nominal amount.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be

postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day of the month falling one Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions,

"**Business Day**" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a TARGET Settlement Day.

"**Determination Period**" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

(ii) ***Rate of Interest***

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

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-

paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

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

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

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

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

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed zero.

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

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

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. The Interest Determination Date(s) in respect of an Interest Period may be the second London business day prior to the start of each Interest Period, the first day of each Interest Period, the second day on which the TARGET2 system is open prior to the start of each Interest Period or any other date or dates specified in the applicable Final Terms. If five or more of such offered quotations are available on the Relevant Screen Page on any Interest Determination Date, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations pursuant to sub-paragraph (2).

The Agency Agreement (at Clause 8.2 (*Interest determination*)) contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the Relevant Screen Page, one of which shall be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; **provided**, **however**, **that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(v) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

Subject to sub-paragraph (vi) below and Condition 4(m) (*FX Factors*), the Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note the aggregate outstanding nominal amount of the Notes; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (if specified), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) of interest payable in relation to the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination (or, in respect of Instalment Notes, the Specified Denomination as reduced in proportion with any reduction of the outstanding nominal amount pursuant to Condition 6(a)(ii)) of the Floating Rate Notes without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b) or Condition 4(a) (*Interest on Fixed Rate Notes*):

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

(1) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(2) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

(B) if "**Actual/Actual – ISDA**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

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

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

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

(F) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

Day Count Fraction =

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls:

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(G) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls:

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(H) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls:

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(I) if "**Act/365L**" is specified in the Final Terms, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if the later Period End Date of the Interest Period falls in a leap year, divided by 366).

(vi) ***Instalment Notes***

In respect of Floating Rate Notes that are also Instalment Notes, in the event that an Instalment Date (or, if later, the Relevant Date in respect of an Instalment Amount) falls on a date other than an Interest Payment Date, the Interest Amount payable in respect of the Interest Period in which such Instalment Date (or, if later, the Relevant Date in respect of such Instalment Amount) falls shall be calculated on the following basis:

(A) in respect of the period from (and including) the Interest Payment Date (or Interest Commencement Date) immediately preceding the first Instalment Date (or, if later, Relevant Date in respect of the relevant Instalment Amount) falling in the Interest Period (the "**First Instalment Date**") to (but excluding) the First Instalment Date interest shall be calculated in accordance with the provisions of this Condition 4(b) on the basis of the outstanding nominal amount as of the Business Day preceding the relevant First Instalment Date; and

(B) in respect of any period from (and including) an Instalment Date (or, if later, Relevant Date in respect of such Instalment Amount) (the "**Initial Instalment Date**") to (but excluding) the earlier of (i) the Interest Payment Date following the Initial Instalment Date or (ii) a further Instalment Date (or, if later, Relevant Date in respect of such Instalment Amount) falling in the same Interest Period, interest shall be calculated in accordance with the provisions of this Condition 4(b) on the basis of the outstanding nominal amount as adjusted following the Initial Instalment Date.

(vii) ***Multiple Rate Notes***

In relation to Floating Rate Notes in respect of which "Multiple Rate" is specified to be applicable in the applicable Final Terms, interest will be payable in arrears on each Multiple Rate Payment Date, on which date the interest payable will be the sum of the Interest Amounts which would otherwise have been payable on each Interest Payment Date falling in the period from but excluding the previous Multiple Rate Payment Date to and including the relevant Multiple Rate Payment Date. For the avoidance of doubt, no interest will accrue on the Interest Amounts which, but for this Condition 4(b)(vii), would have been payable on the relevant Interest Payment Date.

(viii) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent or, if applicable, the Trustee, shall (in the absence of wilful default, fraud, bad faith and manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default, fraud and bad faith) no liability to

the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, or the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) If the applicable Final Terms specify that part or all of the interest in relation to the Notes will be calculated on an "Inflation Linked Interest", "Equity Linked Interest" or "Index Linked Interest" basis, then the Calculation Agent shall calculate the amount of inflation-linked, equity-linked or index-linked interest payable on the relevant Notes in accordance with the additional terms that apply to such Notes as set out in the relevant section of Part B (*Equity Linked Notes*) or Part C (*Inflation Linked Notes*), as applicable.

(d) **Zero Coupon Notes**

Where a Zero Coupon Note is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified in the applicable Final Terms (or if none is specified, such rate as would produce the issue price of the Notes if the scheduled Final Redemption Amount was discounted back to the Issue Date at such rate).

(e) **Cessation of accrual of interest**

Each Note (or in the case of redemption of only a Relevant Portion of a Note, that Relevant Portion only of such Note) will cease to bear interest (if any) from the date for its redemption, unless, upon due presentation thereof, payment of principal (and accrued interest in respect thereof) is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(f) **Notification of Rate of Interest and Interest Amounts**

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified promptly to the Issuer, the Trustee and any stock exchange on which the relevant Notes are for the time being listed (and in any event no later than the first day of the relevant Interest Period) and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula). In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

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

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to the applicable Business Day Convention, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Determination or Calculation by Trustee**

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, or as otherwise specified in the applicable Final Terms, as the case may be, the Trustee shall do so (or shall appoint an agent at the expense of the Issuer on its behalf to do so), in its absolute discretion, and shall be entitled to do so in reliance of its professional advisors, and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or its agent shall apply the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. Any such determination or calculation shall be deemed to have been made by the Calculation Agent.

(j) **Coupon Deferral**

If the Final Terms specify "Coupon Deferral" as applicable, and the Calculation Agent determines that a Coupon Deferral Event has occurred and is continuing, the Issuer may by giving notice to the Calculation Agent at least 15 Business Days before each Interest Payment Date defer or reduce the interest payments due under the Notes to the same extent of the deferral, reduction or increase in the interest payments on the Coupon Reference Obligation, for so long as such Coupon Deferral Event is continuing. If the Coupon Deferral Event ceases and the deferred and/or reduced interest payments on the Coupon Reference Obligation are paid by the relevant obligor, the Issuer shall pay the deferred interest payments to the same extent on the next following Interest Payment Date.

For the purposes of this Condition 4(j):

"**Coupon Deferral Event**" means in relation to the Coupon Reference Obligation, the suspension, deferral, cessation of interest payment, any increase in interest payments, or adjustment in the frequency of interest payments under the Coupon Reference Obligation, in accordance with the terms that apply to interest payments under Coupon Reference Obligation as at the Issue Date of the Notes.

"**Coupon Reference Obligation**" means the obligation described as such in the applicable Final Terms.

For the avoidance of doubt, the right of the Issuer to defer interest payments in accordance with this Condition 4(l), and the Issuer's decision on whether or not to defer interest payments under this Condition 4(l), shall be without prejudice to any other rights the Issuer may have in relation to the Notes as a result of the occurrence of the applicable Coupon Deferral Event or otherwise.

(k) **Coupon Step-up**

(i) If a single Coupon Reference Obligation is specified, and the Calculation Agent determines that a Coupon Step-up Event has occurred and is continuing in respect of the Coupon Reference Obligation, the Rate of Interest in respect of each Interest Period commencing after the occurrence of such Step-up Event shall include the Step-up Margin. If the Coupon Step-up Event ceases, the Rate of Interest in respect of each Interest Period commencing after the Coupon Step-up Event ceases will cease to include the Step-up Margin; and

(ii) if two or more Coupon Reference Obligations are specified, and the Calculation Agent determines that a Coupon Step-up Event has occurred and is continuing in respect of any Coupon Reference Obligation, the Rate of Interest in respect of each Interest Period commencing after the delivery of a notice notifying Noteholders of amount of Step-up Margin (a "**Step-up Event Notice**") shall include the Step-up Margin. If the Coupon Step-up Event ceases, the Rate of Interest in respect of each Interest Period commencing after the Coupon Step-up Event ceases will cease to include the Step-up Margin, *provided that* where a Coupon Step-up Event ceases in respect of a Coupon Reference Obligation, but a Coupon Step-up Event is continuing in respect one or more of the other Coupon Reference Obligations, only the portion of the Step-up Margin applicable to such Coupon Reference Obligation will cease to apply.

For the purposes of this Condition 4(k):

"**Coupon Reference Obligation**" means the obligation described as such in the applicable Final Terms.

"**Coupon Step-up Event**" means in relation to the Coupon Reference Obligation, any increase in interest payments as a result of a downgrade of any obligor in respect of the Coupon Reference Obligation in accordance with the terms that apply to interest payments under each relevant Coupon Reference Obligation as at the Issue Date of the Notes.

"**Step-up Margin**" means (i) in respect of a Note in relation to which a single Coupon Reference Obligation is specified, *n* per cent. per annum, as specified in the applicable Final Terms, and (ii) in respect of a Note in relation to which two or more Coupon Reference Obligations are specified, the margin specified as such in the Step-up Event Notice, and where more than one Step-up Event Notice has been delivered in respect of the Notes, the margin specified as such in the most recent Step-up Event Notice.

(l) **Interest on Swedish Notes**

For the purposes of calculation of any amount of interest on Swedish Notes, the provisions of this Condition 4 (*Interest*) shall be amended so that an Interest Period shall consist of the period mean the period from (but excluding) an Interest Payment Date (or the Interest Commencement Date) to (and including) the next (or first) Interest Payment Date).

(m) **FX Factors**

Where FX Factor is specified to apply in respect of Interest Amounts, any Interest Amount payable pursuant to this Condition 4 (*Interest*), shall be multiplied by the Interest FX Factor (as applicable).

5. **PAYMENTS**

(a) **Method of payment**

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

(b) **Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons failing to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later,

five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Long Maturity Note or any Note in relation to which the Interest Basis is anything other than Fixed Rate Notes in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) **Payments in respect of Global Notes in bearer form**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Principal Paying Agent. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

(d) **Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if a holder does not have a Designated Account, payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not

less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

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

Neither the Issuer nor any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) **Payments in respect of Uncertificated Registered Notes**

The Issuer shall pay or cause to be paid payments of principal in respect of Uncertificated Registered Notes to the relevant Noteholder's cash memorandum account (as shown in the records of the Operator) for value on the Maturity Date or Automatic Early Redemption Date, as the case may be, such payment to be made in accordance with the rules of the Operator.

Payments of interest (if any) in respect of Uncertificated Registered Notes will be discharged by payment (as shown in the records of the Operator) to the cash memorandum account of the relevant Noteholder. Each of the persons shown in the Operator register of corporate securities as the holder of a particular principal amount of Uncertificated Registered Notes must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

(f) **Payments in respect of Nordic Notes**

Payments of principal and interest in respect of the Nordic Notes shall be made to the person who is registered as a Noteholder in the records of the relevant NCSD at the end of the first TARGET Day prior to the relevant due date in accordance with, and subject to, the relevant NCSD Rules.

(g) **Payments in respect of Italian Notes**

In the case of Italian Notes, payments of principal, interest and/or any other amount payable under these Conditions in respect of Italian Notes shall be made on the due date for such payment to the person recorded as the Monte Titoli Accountholder.

"**Monte Titoli Accountholders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

(h) **General provisions applicable to payments in respect of Notes held in Euroclear and/or Clearstream, Luxembourg**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to

Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer, or to the order of, the holder of such Global Note.

(i) **U.S. Paying Agent**

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(j) **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

(i) in relation to all Notes,

(A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) and (2) in relation to any sum payable in euro, a TARGET Settlement Day (as defined in Condition 4 (*Interest*) above), and

(B) in the case of Notes in definitive form only, unless otherwise specified in the applicable Final Terms, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation.

(k) **Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(ii) the Final Redemption Amount of the Notes;

(iii) in relation to Notes redeemable in instalments, the Instalment Amounts; and

(iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) and any arrears of interest (if applicable).

In respect of the calculation of the Final Redemption Amount in relation to any Relevant Portion of the Notes, in rounding any values determined or calculated in connection therewith the Calculation Agent shall apply the following rounding conventions: (A) so long as the Notes are in the form of Uncertificated Registered Notes and are held in Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited), the Final Redemption Amount shall be calculated in relation to the aggregate principal amount of the Notes outstanding, rounded down to the nearest currency unit and paid to Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited) for distribution by it to entitled accountholders in accordance with Euroclear UK and Ireland Limited's usual rules and procedures; (B)(i) so long as the Notes are represented by a Global Note in bearer form, the Final Redemption Amount shall be calculated in relation to the aggregate principal amount of the Notes outstanding, rounded down to the nearest currency unit and paid in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Principal Paying Agent in accordance with Condition 5(c) (*Payments – Payments in respect of Global Notes in bearer form*); (ii) if a Global Note is at any time exchanged for definitive Bearer Notes, the Final Redemption Amount will be calculated in relation to each Specified Denomination and rounded to the nearest currency unit and paid against presentation and surrender in accordance with Condition 5(b) (*Payments – Presentation of definitive Bearer Notes, Receipts and Coupons*); and (C) in respect of Notes that are Registered Notes, the Final Redemption Amount shall be calculated in relation to the aggregate principal amount of the Notes outstanding rounded down to the nearest currency unit and paid in the manner specified in the Registered Note against presentation and surrender of such Registered Note at the specified office of the Registrar or any Paying Agent in accordance with Condition 5(d) (*Payments – Payments in respect of Registered Notes*).

(l) **Postponement for FX Disruption**

If the Calculation Agent determines that a Price Source Disruption has occurred on any Relevant Fixing Date, payment of the relevant amount shall be postponed to the later of (i) the originally scheduled payment date, and (ii) the date that is three Business Days (or such other period specified in the applicable Final Terms) after the Postponed Fixing Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment pursuant to this Condition 5(k).

The Calculation Agent shall, on behalf of the Issuer, give notice to the holders of the relevant Series of Notes (copied to the Issuer) of the occurrence of a Price Source Disruption if it results the postponement of any payment in respect of the Notes.

6. REDEMPTION, PURCHASE AND OPTIONS

(a) Final Redemption and Redemption by Instalments

(i) ***Final Redemption***

Subject to any applicable Terms or Additional Terms, unless previously redeemed or purchased and cancelled as provided, each Note (including each Note specified in the applicable Final Terms as having a Redemption Basis that is Equity Linked Notes, Index Linked Notes, Dual Underlying Linked Notes, Inflation Linked Notes or Combined Underlying Lined Notes) shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount or, in the case of a Note falling within paragraph (ii) (*Redemption by Instalments*) below, its final Instalment Amount, in each case, as calculated by the Calculation Agent in its sole and absolute discretion.

"**Final Redemption Amount**" means, subject to Condition 6(j) (*FX Factors*), in relation to any Note finally redeemed on the Maturity Date an amount calculated by the Calculation Agent in its sole and absolute discretion in accordance with the applicable provisions specified in the applicable Final Terms, **provided that**, if the applicable Final

Terms do not specify the applicable provisions any such Note shall be redeemed at its nominal value.

(ii) ***Redemption by Instalments***

Unless previously redeemed, purchased and cancelled as provided in this Condition 6(a)(ii) (*Redemption, Purchase and Options*), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Reduction (being an amount or a proportion of the original nominal amount of such Note specified in the applicable Final Terms) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(b) **Early Redemption**

The "**Early Redemption Amount**" payable in respect of any Note upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption following Hedging Disruption*), Condition 6(e) (*Redemption following Illegality*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall, subject to Condition 6(j) (*FX Factors*), be the Final Redemption Amount (as specified in the applicable Final Terms) or the Fair Market Value in respect of each Note.

"**Fair Market Value**" means, in relation to any Note which is to be redeemed early, its fair market value as of the early redemption date less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes in respect of the early redemption of the Notes (all as determined by the Calculation Agent), provided that in relation to Notes listed on the Securitised Derivatives Exchange ("**SeDeX**") of the Borsa Italiana S.p.A, the Fair Market Value will be the fair market value as of the early redemption date, without any deduction of costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes in respect of the early redemption of the Notes.

(c) **Redemption for Taxation Reasons**

The Notes of any Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of a Note other than a Floating Rate Note and any Note in relation to which the Interest Basis is anything other than Fixed Rate Notes) or only on an Interest Payment Date (in the case of a Floating Rate Note or any Note in relation to which the Interest Basis is anything other than Fixed Rate Notes) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), at their Early Redemption Amount (as determined in accordance with paragraph (b) (*Early Redemption*) above) in respect of each Note, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

(i) it has or will or would, but for redemption, become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in respect of any of the Notes of such Series;

(ii) it would not be entitled to claim a deduction in respect of any payments of interest in respect of any of the Notes of such Series in computing its taxation liabilities (or the value of such deduction would be materially reduced); or

(iii) in respect of the payment of interest in respect of any of the Notes of such Series, the Issuer would not to any material extent be entitled to have any attributable loss or non-trading deficit set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current

as at the date on which agreement is reached to issue the first Tranche of Notes of such Series or any similar system or systems having like effect as may from time to time exist),

in each such case, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes of that Series and cannot be avoided by the Issuer taking reasonable steps available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts as referred to in paragraph (i) above, unable to make a deduction referred to in paragraph (ii) above were a payment in respect of the Notes of that Series then due or would not be entitled to have the loss or non trading deficit set against the profits as referred to in paragraph (iii) above were a payment in respect of the Notes of that Series then due. Upon the expiration of such notice the Issuer shall be bound to redeem such Notes at their Early Redemption Amount together with interest accrued to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant this Condition 6(c) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that the obligation or treatment, as the case may be, referred to above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) **Redemption following Hedging Event**

Unless this Condition 6(d) (*Redemption following Hedging Event*) is specified as Not Applicable in the applicable Final Terms, if in relation to a Series of Notes the Issuer or the Calculation Agent determines that a Hedging Event (as defined below) has occurred, and for as long as a Hedging Event is continuing, the Issuer, having given not less than 15 nor more than 30 days' irrevocable notice to the Noteholders, may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount (as determined in accordance with paragraph (b) (*Early Redemption*) above) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

"**Hedging Event**" means the occurrence of either of the following events or circumstances arising due to any reason (including but not limited to the adoption of, application of or change of any applicable law or regulation after the Issue Date of a Series of Notes):

(i) it becomes impossible or impracticable for the Issuer or its counterparty of any hedging transaction to:

(A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge its obligations with respect to the relevant Notes (a "**Hedging Transaction**"); or

(B) realise, recover or remit the proceeds of any such Hedging Transaction; or

(ii) the Issuer or the counterparty under such Hedging Transaction would be subject to an increased cost (as compared to the circumstances existing on the Issue Date in respect of such Series of Notes) in entering into or maintaining any Hedging Transaction (including, but not limited to, any internal cost arising as a result of compliance with any applicable law or regulation),

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

(e) **Redemption following Illegality**

If, in relation to a Series of Notes, the Issuer in its sole and absolute discretion or the Calculation Agent determines that an Illegality Event (as defined below) has occurred, the Issuer, having given not less than 15 nor more than 30 days' irrevocable notice to the Noteholders, may, on

expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount (as determined in accordance with paragraph (b) (*Early Redemption*) above) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

"**Illegality Event**" means that:

(i) the performance of the Issuer's obligations shall have become unlawful or impracticable, in whole or in part, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power; or

(ii) the Issuer would be subject to an increased cost (as compared to the circumstances existing on the Issue Date in respect of such Series of Notes) in entering into or maintaining a Series of Notes in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power.

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

If Call Option is specified in the applicable Final Terms, the Issuer may and unless otherwise specified in the applicable Final Terms), on giving not less than 15 nor more than 30 days' irrevocable notice to the Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Notes), the CREST Registrar (in the case of Uncertificated Registered Notes), the Nordic Paying Agent (in the case of Nordic Notes), the Italian Paying Agent (in relation to the Italian Notes), the competent authority or stock exchange on which the Notes are listed, if any (if so required by such competent authority or stock exchange) and, in accordance with Condition 13 (*Notices*), the Noteholders (or such other notice period as may be specified in the applicable Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount (which may be par or their Fair Market Value or another amount specified in the applicable Final Terms) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

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

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

In respect of any redemption of all or part of any Nordic Notes pursuant to this Condition 6(f) (*Redemption at the Option of the Issuer*), the notice to Noteholders shall specify the Nordic Notes or amounts of the Nordic Notes to be redeemed and the procedures for partial redemption laid down in the then applicable NCSD Rules will be observed.

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

If Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount (which may be par or their Fair Market Value or another amount specified in the applicable Final Terms) together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent (in the case of Bearer Notes), with the Registrar or any Transfer Agent (in the case of Registered Notes), the Nordic Paying Agent (in the case of Nordic Notes), the Italian Paying Agent (in relation to the Italian Notes) or with the CREST Registrar (in the case of any Uncertificated Registered Notes) at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Nordic Paying Agent, the Italian Paying Agent, the Registrar or any Transfer Agent or the CREST Registrar (as applicable) within the notice period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

If the Note is a Nordic Note, in order to exercise the option contained in this Condition 6(g), the holder of such Note must, within the notice period set out above, give notice to the Nordic Paying Agent of such exercise in accordance with the standard procedures of the NCSD from time to time. An Exercise Notice in respect of any Nordic Note will not take effect unless and until the relevant Noteholder's Note(s) have been duly blocked for further transfer (by transfer to an account designated for such purpose by the Nordic Paying Agent or otherwise blocked in accordance with the NCSD Rules).

(h) **Purchases**

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

(i) **Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Note (together with all unmatured Receipts and Coupons and all unexchanged Talons) at the time of redemption to the Principal Paying Agent or to the Registrar (in the case of Registered Notes) or to the CREST Registrar (in the case of Uncertificated Registered Notes). In each case, any Notes so surrendered shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

Any Nordic Note held by the Issuer or any of its subsidiaries may be surrendered by the Issuer for cancellation in accordance with the procedures to be adhered to pursuant to the NCSD Rules.

(j) **FX Factors**

Where FX Factor is specified to apply in respect of Early Redemption Amount or Final Redemption Amount, such Early Redemption Amount or Final Redemption Amount, as applicable, shall be multiplied by the Early Redemption FX Factor or Final Redemption FX Factor (as applicable).

7. TAXATION

7A. TAXATION – NO GROSS UP

This Condition 7A will be applicable to all Series of Notes unless it is specified in the applicable Final Terms that Condition 7B (*Taxation - Gross Up*) is applicable.

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer shall not be required to pay to holders of Notes, Receipts and/or Coupons any additional amounts in connection with such withholding or deduction.

7B. **TAXATION – GROSS UP**

This Condition 7B will only be applicable to such Series of Notes where it is specified in the applicable Final Terms that Condition 7B (*Taxation - Gross Up*) is applicable.

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties or government charges of whatever nature imposed, collected, withheld, assessed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) to, or to a third party on behalf of, a holder who (i) could avoid such withholding or deduction by complying, or procuring that any third party complies with, any statutory or procedural requirements (including, without limitation, the provision of information) or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority; or (ii) is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(j) (*Payment Day*)) in the place of surrender; or

(c) presented for payment by or on behalf of a holder who is able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

In these Conditions:

"**Tax Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and

the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

Any reference in these Conditions to principal or interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertakings given in addition thereto or in substitution thereof pursuant to the Trust Deed.

7C. **TAXATION – FATCA**

This Condition 7C will be applicable to all Series of Notes.

Notwithstanding any other provision in these Conditions, the Issuer, the Trustee, the Paying Agents, the CREST Registrar, the Nordic Paying Agent and the Italian Paying Agent shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US IRS ("**FATCA withholding**"). None of the Issuer, the Trustee, the Paying Agents, the CREST Registrar, the

Nordic Paying Agent or the Italian Paying Agent will have any obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, the Trustee or a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

8. PRESCRIPTION

The Notes (whether in bearer, uncertificated registered, certificated registered form, or uncertificated and dematerialised book-entry form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5 (*Payments*) or any Talon which would be void pursuant to Condition 5 (*Payments*).

9. EVENTS OF DEFAULT

(a) Events of Default

If any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one quarter in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (subject in each case to being indemnified, secured and/or prefunded to its satisfaction), give notice to the Issuer (with a copy to the Custodian, in the case of any Secured Notes) that the Notes are, and they shall immediately become, due and payable (or in the case of Nordic Notes, that they shall become due and payable on such later date on which the relevant Nordic Notes have been transferred to the account designated by the Nordic Paying Agent and blocked for further transfer by said Agent) at their Final Redemption Amount (determined in accordance with Condition 6(a) (*Redemption, Purchase and Options – Final Redemption*)) together (if applicable) with accrued interest (if any) in respect of such Notes shall become enforceable:

(i) if default is made in the payment of any principal, premium or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or premium or 14 days in the case of interest; or

(ii) if an administrator is appointed in respect of the Issuer or any order is made or an effective resolution is passed for the winding up or dissolution of the Issuer and any resulting administration, winding up or dissolution process remains undismissed for 45 days (save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders).

(b) Enforcement

(i) The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one quarter in nominal amount of the Notes then outstanding and (b) it shall have been indemnified, secured and/or prefunded to its satisfaction.

(ii) No Noteholder shall be entitled to institute proceedings directly against the Issuer or prove in the winding up of the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing, in which event any Noteholder may himself institute such proceedings and/or prove in the winding up of the Issuer to the same extent and in the same jurisdiction (but not further or otherwise) that the Trustee would have been entitled to do so in respect of the Notes and/or the Trust Deed.

10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts and Coupons) or the Registrar (in the case of Registered Notes) or the CREST Registrar (in the case of Uncertificated Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, **provided that**:

(a) there will at all times be a Principal Paying Agent, a Paying Agent, a Transfer Agent and a Registrar and/or a CREST Registrar (as the case may be);

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes, Receipts and Coupons) or the Registrar (in the case of Registered Notes) or the CREST Registrar (in the case of Uncertificated Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(c) so long as there are any Secured Notes which remain outstanding, there will be a Custodian and a Verification Agent;

(d) so long as there are any Nordic Notes which remain outstanding, there will be a Nordic Paying Agent which is authorised to act as an account holding institution with each NCSD;

(d) so long as there are any Italian Notes which remain outstanding, there will be an Italian Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(i) (*U.S. Paying Agent*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, Computershare Agency Agreement, the Nordic Agency Agreement or the Italian Agency, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement, Computershare Agency Agreement, Nordic Agency Agreement and Italian Agency Agreement each contain provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. NOTICES

(a) Notices in respect of Bearer Notes and Registered Notes

All notices regarding Bearer Notes will be deemed to be validly given if published (i) in a leading English language daily national newspaper of general circulation in the United Kingdom and (ii) or as otherwise required by any stock exchange or any other competent authority by or on which the Bearer Notes are for the time being listed. It is expected that any such publication in a newspaper will, if required, be made in the *Financial Times* in London. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to be given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

(b) Notices in respect of Uncertificated Registered Notes

All notices regarding Uncertificated Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange.

(c) Notices in respect of Nordic Notes

All notices regarding Nordic Notes will be deemed to be validly given if sent (a) utilising the means of communications to holders provided by the relevant NCSD in accordance with the NCSD Rules and/or (b) by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the NCSD Register and, in each case, will be deemed to have been given on the fourth day after mailing.

(d) **Notices in respect of Italian Notes**

All notices regarding Italian Notes will be deemed to be validly given if sent (a) utilising the means of communications to holders specified in the Italian CSD Rules and/or (b) by first class mail or (if posted to an address overseas) by airmail to Noteholders and, in each case, will be deemed to have been given on the fourth day after mailing.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

(a) **Meeting of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. of the nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including, but not limited to, modifying the date of maturity of the Notes or any date for payment of principal or interest thereon, reducing or cancelling the amount of principal or the Rate of Interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Issuer may (for the purposes of any meeting in respect of a Series of Registered Notes held outside a clearing system or a Series of Uncertificated Registered Notes) and shall (for the purposes of any meeting in respect of a Series of Nordic Notes) specify a record date (a "**Meeting Record Date**") in relation to such meeting. The persons eligible to vote or to be represented at any such meeting will be the Noteholders on the relevant Meeting Record Date. In relation to any meeting convened in relation to a Series of Nordic Notes, the Nordic Paying Agent (on behalf of the Issuer) shall, subject to the terms of the Nordic Agency Agreement, request from the relevant NCSD a copy of the NCSD Register as at the Meeting Record Date and provide a copy of the same to the Trustee.

The Trust Deed provides for a resolution, with or without notice, in writing signed by or on behalf of the holder or holders of not less than 90 per cent. of the principal amount of the Notes for the time being outstanding to be as effective and binding as if it were an Extraordinary Resolution duly passed at a meeting of the Noteholders.

(b) **Modification and Waiver**

The Trustee may, without the consent of the Noteholders, Receiptholders or Couponholders:

(i) concur with the Issuer in making any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Agency Agreement or the Trust Deed, **provided that** the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders; or

(ii) determine that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do; or

(iii) agree to any modification which is of a formal, minor or technical nature or to correct a manifest error or necessary to comply with any mandatory provision of law or the rules

of any stock exchange, market or quotation system, central securities depositary, trading facility or clearing system.

The Trustee shall agree to any modification without the consent of Noteholders which is to correct any inconsistency arising in the applicable Final Terms in respect of any Series of Notes as compared to any term sheet, brochure or other written communication in respect of the Notes that has been distributed to Noteholders in respect of that Series **provided that** (A) the Issuer provides to the Trustee a certificate signed by two authorised signatories of the Issuer certifying the details of such inconsistency and appending and certifying the relevant written communication distributed to Noteholders to which the Final Terms are to be conformed; (B) in case of rated Notes, any credit rating agency that has rated such Notes provides confirmation that the credit ratings of such Notes would not be adversely affected by the proposed modification, and such confirmation is provided to the Trustee; and (C) the Trustee has the right to refuse to agree such changes in the event that, in its sole opinion, the change would expose it to more onerous obligations or additional costs for which, in its sole opinion, it is not or will not be pre-funded or indemnified or secured to its satisfaction.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

The Issuer may at any time request the Trustee to make modifications to any of the provisions of the Notes, the Agency Agreement or the Trust Deed and any other relevant documents without the consent of the Noteholders, Receiptholders or Couponholders (and irrespective of whether such modifications are (i) materially prejudicial to the interests of the Noteholders or (ii) in respect of a Basic Terms Modification (as defined in the Trust Deed)) to maintain and/or improve credit ratings of any Notes in issue. The Trustee shall agree to such changes **provided that** the Issuer confirms to the Trustee in writing that such amendments are required either (i) to implement new credit rating criteria of a credit rating agency; or (ii) by a credit rating agency itself, in either case, to maintain or improve the then current credit ratings of the Notes then outstanding.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer, to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of another company, being a subsidiary of the Issuer, subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (b) compliance with certain other conditions set out in the Trust Deed.

15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND TRUSTEE'S RETIREMENT AND REMOVAL

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified, secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its subsidiaries and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer and/or any of its subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed contains provisions allowing the Trustee to retire at any time on giving not less than 60 days' prior written notice to the Issuer without giving any reason and without being responsible for any Expenses (as defined in the Trust Deed) incurred by such retirement. The Noteholders may by Extraordinary Resolution remove any trustee or trustees of the Notes. The Trust Deed provides that the retirement or removal of any such Trustee shall not become effective until a successor trustee (being a trust corporation) is appointed. The Trust Deed provides that, in the event of the Trustee giving notice of retirement or being removed by Extraordinary Resolution under the Trust Deed, the Issuer shall use all reasonable endeavours to procure that a new trustee is appointed as soon as reasonably practicable. If no appointment has become effective within 60 days of such notice or Extraordinary Resolution, the Trust Deed provides that the Trustee shall be entitled to appoint a trust corporation. No appointment of a trustee shall take effect unless previously approved by an Extraordinary Resolution. Notice of any such change shall be given to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

16. REDENOMINATION

If "Redenomination on Euro Event" is specified in the applicable Final Terms in relation to any Series of Notes as being as applicable to such Notes, then if a Euro Event occurs, the Issuer may, in its absolute discretion, by giving notice of its election to the Noteholders in accordance Condition 13 (*Notices*) (such notice being a "**Redenomination Notice**"), elect that the currency (if any) which replaces the euro as the lawful currency of the Relevant Jurisdiction (the "**Replacement Currency**") shall replace the euro as the Specified Currency for such Notes.

If the Issuer gives a Redenomination Notice, then to the extent that euro is or is expressed to be (or would be, or would be expressed to be, but for a Euro Event or any law or regulation relating to a Euro Event) the currency of payment for any sum due from the Issuer under the Notes and unpaid, the Replacement Currency shall become the currency of payment and any amount payable by the Issuer and unpaid which is or is expressed to be (or would be, or would be expressed to be, but for any Euro Event or any law or regulation relating to a Euro Event) otherwise payable in euro shall be converted into the Replacement Currency at the Redenomination Rate of Exchange.

In these Conditions:

"**Euro Event**" means either:

(i) no member state of the European Union has the euro as its lawful currency; or

(ii) the Relevant Jurisdiction ceases to have the euro as its lawful currency.

"**Redenomination Rate of Exchange**" means either:

(i) if an official rate of exchange is recognised by the central bank of the Relevant Jurisdiction for the conversion of euro into the Replacement Currency (such time from time to time being the "**Official Rate**") on the day which is two Business Days prior to the day on which the relevant payment is due to be made, such Official Rate; or

(ii) if there is no Official Rate, the spot rate of exchange determined by the Issuer acting in a commercially reasonable manner on the day which is two Business Days prior to the day on which the relevant payment is due to be made;

"**Relevant Jurisdiction**" means the jurisdiction specified as such in the applicable Final Terms.

17. **FX FACTORS AND PRICE SOURCE DISRUPTION**

(a) If the Calculation Agent determines that a Price Source Disruption has occurred on any Relevant FX Fixing Date, then such Relevant Fixing Date shall be postponed until the first FX Business Day on which a Price Source Disruption does not occur or continue, provided that if a Price Source Disruption occurs or continues each of the five (5) FX Business Days following the originally scheduled Relevant FX Fixing Date, then on such fifth FX Business Day the Calculation Agent shall determine the Relevant FX Rate by reference to the rate of exchange published by available recognised financial information vendors (as selected by the Calculation Agent acting in good faith and in a commercially reasonable manner) (such date of determination the "**Postponed Fixing Date**").

(b) Definitions:

"**Early Redemption FX Factor**" means the Early Redemption FX Factor specified in the Final Terms (if any).

"**Final FX Fixing Date**" means, in relation to an FX Factor, the date specified as such in the applicable Final Terms, or if such date is not an FX Business Day the immediately following day that is an FX Business Day, subject to adjustment in accordance with Condition 17(a) above.

"**Final FX Fixing Page**" means, in relation to an FX Factor, the Reuters or other screen page specified as such in the Final Terms or any successor page thereof or, if such page is not specified in the applicable Final Terms or there is no successor page, the Calculation Agent will determine the Final FX Rate by reference to the spot rate prevailing in the international exchange market;

"**Final FX Fixing Time**" means, in relation to an FX Factor, the time and place specified as such in the applicable Final Terms or such other time and place as the Calculation Agent determines in the case of a successor page to the Final FX Fixing Page specified in the Final Terms;

"**Final FX Rate**" means, in relation to an FX Factor:

(a) the rate of exchange specified as such in the applicable Final Terms; or

(b) if such rate is not specified in the applicable Final Terms, the rate of exchange between the Specified Currency and the FX Currency (expressed as the number of units of FX Currency per one unit of Specified Currency) as published on the Final FX Fixing Page at the Final FX Fixing Time on the Final FX Fixing Date and as observed by the Calculation Agent.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up;

"**Final Redemption FX Factor**" means the Final Redemption FX Factor specified in the Final Terms (if any).

"**FX Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdictions specified in the applicable Final Terms, or if no such jurisdictions are specified in the applicable Final Terms, a day on which commercial banks are open for general business and dealings in foreign exchange in the principal financial centre of the country of the Specified Currency and the FX Currency;

"**FX Factor**" means the Final Redemption FX Factor, Early Redemption FX Factor, Interest FX Factor and any FX Factor applied under the Terms (including any Kick-Out FX Factor, FX Factor 1, FX Factor 2 and/or FX Factor 3) or the Additional Terms (including the Credit Linked FX Factor);

"**Initial FX Fixing Date**" means, in relation to an FX Factor, the date specified as such in the applicable Final Terms, or if such date is not an FX Business Day the immediately following day that is an FX Business Day, subject to adjustment in accordance with Condition 17(a) above;

"**Initial FX Fixing Page**" means, in relation to an FX Factor, the Reuters or other screen page specified as such in the Final Terms or any successor page thereof or, if such page is not specified in the applicable Final Terms or there is no successor page, the Calculation Agent will determine the Initial FX Rate by reference to the spot rate prevailing in the international exchange market;

"**Initial FX Fixing Time**" means, in relation to an FX Factor, the time and place specified as such in the applicable Final Terms or such other time and place as the Calculation Agent determines in the case of a successor page to the Initial FX Fixing Page specified in the Final Terms;

"**Initial FX Rate**" means, in relation to an FX Factor:

(a) the rate of exchange specified as such in the applicable Final Terms; or

(b) if such rate is not specified in the applicable Final Terms, the rate of exchange between the Specified Currency and the FX Currency (expressed as the number of units of FX Currency per one unit of Specified Currency) as published on the Initial FX Fixing Page at the Initial FX Fixing Time on the Initial FX Fixing Date and as observed by the Calculation Agent.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up;

"**Interest FX Factor**" means the Interest FX Factor specified in the Final Terms (if any).

"**Price Source Disruption**" means, in relation to a Relevant FX Rate, such Relevant FX Rate is not available for any reason as determined by the Calculation Agent;

"**Relevant FX Fixing Date**" means an Initial FX Fixing Date or a Final FX Fixing Date, as applicable; and

"**Relevant FX Rate**" means the Initial FX Rate or the Final FX Rate.

18. INDICATIVE TERMS

(a) In relation to Notes which are being offered to the public in circumstances requiring the prior publication of a prospectus under Directive 2003/71/EC as amended by Directive 2010/73/EU, certain Specified Note Values may not be fixed or determined in the Final Terms at the commencement of the Offer Period, but will instead be determined in accordance with this Condition 18.

(b) If any Specified Note Value is specified to be determined in accordance with this Condition 18, references in the Conditions, Terms or Additional Terms (as applicable) to such Specified Note Value shall be construed as the amount, level, percentage, price, rate or value (as applicable) determined based on market conditions by the Calculation Agent on or prior to the Indicative Terms Notification Date, and is expected to be the indicative amount specified in the relevant Final Terms (if so specified) but may be different from such indicative amount, *provided that*:

(i) if an indicative minimum amount is provided in the relevant Final Terms, the Specified Note Value will not be less than such indicative minimum amount; or

(ii) if an indicative maximum amount is provided in the relevant Final Terms, the Specified Note Value will not be more than such indicative maximum amount; or

(iii) if both an indicative minimum amount and indicative maximum amount is provided in the relevant Final Terms, the Specified Note Value will not be less than such indicative minimum amount and will not be more than such indicative maximum amount.

(c) The Calculation Agent shall make all determinations required of it pursuant to this Condition 18 in good faith and acting in a commercially reasonable manner.

(d) Notice of any relevant Specified Note Value will be published on the Issuer's website (as specified in the applicable Final Terms) on the Indicative Terms Notification Date and the relevant amount, level, percentage, price, rate or value specified in such notice will be deemed to be the Specified Note Value.

(e) *Defintions*

For these purposes:

"**Indicative Terms Notification Date**" means the date specified as such in the applicable Final Terms.

"**Specified Note Value**" means any amount, level, percentage, price, rate or value which is specified in the Conditions, Terms or Additional Terms as the amount, level, percentage, price, rate or value (as applicable) to be provided in the relevant Final Terms.

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. GOVERNING LAW

Each of the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons or any non-contractual obligations arising out of or in connection with them are governed by English law. Notwithstanding the foregoing, Swedish law will govern the effects of registration of the Swedish Notes in the Swedish CSD, Finnish law will govern the effects of registration of Finnish Notes in the Finnish CSD, and Italian Law will govern the effects of registration of Italian Notes in the Italian CSD.

PRO FORMA FINAL TERMS

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19].]

[*Date*]

Investec Bank plc
Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]
under the
£2,000,000,000 Impala Bonds Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so: A21

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in paragraph [9] of Part B below, provided such person is one of the persons mentioned in paragraph [9] of Part B below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2008/11/EC, Directive 2010/73/EU and Directive 2008/78/EU) and includes any relevant implementing measures in the Relevant Member State.]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2008/11/EC, Directive 2010/73/EU and Directive 2008/78/EU) and includes any relevant implementing measures in the Relevant Member State.]

Prospective investors considering acquiring any Notes should understand the risks of transactions involving the Notes and should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in this Base Prospectus and the applicable Final Terms. Prospective investors should consider carefully the risk factors set out under "*Risk Factors*" in the Base Prospectus referred to below.

PART A – CONTRACTUAL TERMS

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus in relation to the £2,000,000,000 Impala Bonds Programme dated 19 July 2017, which [together with the supplemental prospectus[es] dated [•],[•] and [•]]] constitutes a base prospectus (the "**Base Prospectus**") for the purposes of Article 5(4) of the Prospectus Directive (Directive 2003/71/EC as amended by Directive 2008/11/EC, Directive 2010/73/EU and Directive 2008/78/EU) (the "**Prospectus Directive**").

Terms used herein shall be deemed to be defined as such for the purposes of the [Conditions, the Terms and the Additional Terms set forth in the Base Prospectus][201[6][5][4][3] Conditions incorporated into and defined in the Base Prospectus].

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at and copies may be obtained from [www.investecstructuredproducts.com] [http://treasury.investec.co.uk/institutions/impala-bonds.html] and during normal working hours from Investec Bank plc, 2 Gresham Street, London EC2V 7QP, and from [[Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB]/[Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE][Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden][Deutsche Bank S.p.A., Piazza del Calendario 3, 20126 Milan, Italy]. A summary of the offer of the Notes is annexed to these Final Terms.]

[[*Alternative version for where a public offer period straddles two base prospectuses*]

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with (i) until but excluding [•] July 2018, the base prospectus in relation to the £2,000,000,000 Impala Bonds Programme (the "**Programme**") dated 19 July 2017, which [together with the supplemental prospectus[es] dated [•], [•] and [•]]] constitutes a base prospectus (the "**2017 Base Prospectus**") for the purposes of Article 5(4) of the Prospectus Directive (Directive 2003/71/EC as amended by Directive 2008/11/EC, Directive 2010/73/EU and Directive 2008/78/EU) (the "**Prospectus Directive**") and (ii) from and including [•] July 2018, the base prospectus in relation to the Programme dated [•] July 2018, which together with any supplements thereto published before the issue date or listing date of the Notes constitutes a base prospectus (the "**2018 Base Prospectus**") for the purposes of Article 5(4) of the Prospectus Directive and replaces the 2016 Base Prospectus.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions, the Terms and the Additional Terms set forth in the 2016 Base Prospectus (together, the "**2016 Conditions**") and which are or will be incorporated by reference into the 2017 Base Prospectus.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and (i) in relation to the period until but excluding [•] July 2018, the 2017 Base Prospectus, and (ii) in relation to the period from and including [•] July 2018, the 2018 Base Prospectus. The 2017 Base Prospectus and the 2018 Base Prospectus are available from their respective dates of publication for viewing at and copies may be obtained from [www.investecstructuredproducts.com] [http://treasury.investec.co.uk/institutions/impala-bonds.html] and during normal working hours from Investec Bank plc, 2 Gresham Street, London EC2V 7QP, and from [[Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB]/[Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS13 8AE] [Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden][Deutsche Bank S.p.A., Piazza del Calendario 3, 20126 Milan, Italy]. A summary of the offer of the Notes is annexed to these Final Terms.]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended[, from 1 January 2018,] to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No

1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

1.	Issuer:		Investec Bank plc
2.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•][The Notes issued under these Final Terms are to be consolidated and form a single series with [•] issued on [•] [(ISIN: [•])]] [Subject as provided under paragraph [27] (*Form of Notes*) below, the Notes issued under these Final Terms are to be consolidated and form a single series with [•] issued on [•] [(ISIN: [•]) (the "**Original Notes**").]
3.	Specified Currency:		[•]
4.	FX Currency:		[•][Not Applicable]
5.	Aggregate Nominal Amount:		
	(a)	Series:	[•][The aggregate nominal amount of the Notes issued will be notified and published on or about the Issue Date as described in Part B, paragraph [•] hereof]
	(b)	Tranche:	[•][The aggregate nominal amount of the Notes issued will be notified and published on or about the Issue Date as described in Part B, paragraph [•] hereof]
6.	Issue Price:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
7.	(a)	Specified Denominations:	[•]
	(b)	Calculation Amount:	[•]
	(c)	Indicative Terms Notification Date	[•][Not Applicable]
8.	(a)	Issue Date:	[•]
	(b)	Interest Commencement Date:	[Issue Date][Not Applicable][•]
9.	Maturity Date:		[Interest Payment Date falling in or nearest to [•]][•]
10.	Interest Basis:		[Fixed Rate][and] [Floating Rate][and] [Zero Coupon] [Equity Linked Interest (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)] [Index Linked Interest (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]

		[Inflation Linked Interest (see Annex [1] (*Inflation Linked Note Provisions) to this Final Terms for further details*)]
		[Combined Underlying Linked Interest (see Annex [3] (*Combined Underlying Linked Note Provisions*) to this Final Terms for further details)]
11.	Redemption/Payment Basis:	[Redemption at par]
		[Instalment]
		[Equity Linked Notes (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]
		[Index Linked Notes (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]
		[Dual Underlying Linked Notes (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]
		[Inflation Linked Notes (see Annex [1] (*Inflation Linked Note Provisions*) to this Final Terms for further details)]
		[Combined Underlying Linked Notes (see Annex [3] (*Combined Underlying Linked Note Provisions*) to this Final Terms for further details)]
12.	Change of Interest Basis or Redemption/Payment Basis:	[•][Not Applicable]
13.	Call Option:	[Applicable][Not Applicable]
14.	Put Option:	[Applicable][Not Applicable]
15.	(a) Security Status:	[Unsecured Notes][Secured Notes. The Issuer has designated the Notes as covered bonds].
	(b) Date of board approval for issuance of Notes obtained:	[Applicable][Not Applicable]
16.	Method of distribution:	[Syndicated][Non-syndicated]
17.	Redenomination on Euro Event:	[Applicable][Not Applicable]
	(a) Relevant Jurisdiction:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18.	**Fixed Rate Note Provisions**	[Applicable][Not Applicable]
	(a) Rate(s) of Interest:	[•] per cent. per annum [payable [annually][semi-annually][quarterly][•] in arrear] [Such Rate of Interest as determined in accordance with [Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*)][Annex [1] (*Inflation Linked Note Provisions*) to this Final Terms][Annex [3] (*Combined Underlying Linked Note Provisions*) to this Final Terms].[Rate of Interest to be determined in accordance with Condition 18

(*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[The Rate of Interest will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(b) Interest Payment Date(s): [[•] in each year up to [and including][but excluding] the Maturity Date][[•] day of each calendar month from [•] up to [and including][but excluding] [the Maturity Date][•]][Each date specified in the column headed "*Interest Payment Date*" below][•]

Interest Period		Interest Payment Date
from [and including[[but excluding]	to [and including][but excluding]	
[•]	[•]	[•]

(c) Cumulative Interest: [Applicable][Not Applicable]

(d) [Cumulative Interest Payment Date[s]: [[•] in each year up to and including the Maturity Date]] [The Maturity Date] [•]

(e) Fixed Coupon Amount(s): [[In relation to [the [first] [•]] Interest Payment Date/the Interest Payment Date falling [in/on] [•], [•] per Calculation Amount.]

[In relation to all other Interest Payment Dates] [•] per Calculation Amount.]

[Rate of Interest to be determined in accordance with Condition 18 (*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[The Fixed Coupon Amount(s) will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

[Not Applicable.]

(f) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360 [30/360] [30E/360] [30E/360 (ISDA)] [Actual/365L]

(g) Determination Date(s): [[•] in each year][Each Interest Payment Date]/[•]

19.	**Floating Rate Note Provisions**		[Applicable][Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[•]
	(b)	First Interest Payment Date:	[•]
	(c)	Multiple Rate:	[Applicable][Not Applicable]
		[Multiple Rate Payment Dates:	[[•] in each year up to and including the Maturity Date]] [The Maturity Date] [•]
	(d)	Business Day Convention:	[Floating Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]
	(e)	Additional Business Centre(s):	[•][Not Applicable]
	(f)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination][ISDA Determination]
	(g)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Calculation Agent):	[•][Not Applicable]
	(h)	Screen Rate Determination:	[Applicable][Not Applicable]
		(i) Reference Rate:	[LIBOR][EURIBOR]
		(ii) Interest Determination Date(s):	[•][Second London business day prior to the start of each Interest Period][first day of each Interest Period][the second day on which the TARGET2 system is open prior to the start of each Interest Period]
		(iii) Relevant Screen Page:	[•]
	(i)	ISDA Determination:	[Applicable] [Not Applicable]
		(i) Floating Rate Option:	[•]
		(ii) Designated Maturity:	[•]
		(iii) Reset Date:	[•]
	(j)	Margin(s):	[[+/-] [•] per cent. per annum] [Margin to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]]

		[indicative maximum amount: [•]]]
		[The Margin will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(k)	Minimum Rate of Interest:	[[•] per cent. per annum] [Minimum Rate of Interest to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Minimum Rate of Interest will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(l)	Maximum Rate of Interest:	[[•] per cent. per annum] [Maximum Rate of Interest to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Maximum Rate of Interest will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(m)	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]
(n)	Day Count Fraction:	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360 [30/360] [30E/360] [30E/360 (ISDA)] [Actual/365L]
(o)	Determination Date:	[[•] in each year]
20.	**Coupon Deferral**	[Applicable][Not Applicable]
	Coupon Reference Obligation	[•]
21.	**Coupon Step-up**	[Applicable][Not Applicable]
	Coupon Reference Obligation	[•]
	Step-up Margin:	[Not Applicable] [Applicable. The Step-up Margin in respect of the Notes will be [+/-] [•] per cent. per annum][As specified in the Step-up Event Notice] [Step-up Margin to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]]

		[indicative minimum amount: [•]]
		[indicative maximum amount: [•]]]
		[The Step-up Margin will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
22.	**Zero Coupon Notes**	[Applicable][Not Applicable]
	Amortisation Yield:	[•]
23.	**Interest FX Factor:**	[Final FX Rate/Initial FX Rate] [Initial FX Rate/Final FX Rate] [Not Applicable]]
	(i) Initial FX Rate	[•][An exchange rate determined in accordance with the definition of "Initial FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A) Initial FX Fixing Page:	[•]
	(B) Initial FX Fixing Date:	[Strike Date][•]
	(C) Initial FX Fixing Time:	[•]
	(ii) Final FX Rate	[•][An exchange rate determined in accordance with the definition of "Final FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A) Final FX Fixing Page:	[•]
	(B) Final FX Fixing Date:	[•] [FX Business Days prior to the relevant Interest Payment Date]
	(C) Final FX Fixing Time:	[•]
	(iii) FX Business Day Jurisdictions:	[•][Principal financial centre of the Specified Currency and the FX Currency]

PROVISIONS RELATING TO REDEMPTION

24.	Final Redemption Amount of	[[•] per Calculation Amount]

each Note:

[Equity Linked Notes (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]

[Index Linked Notes (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]

[Dual Underlying Linked Notes (see Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*) to this Final Terms for further details)]

[Inflation Linked Notes (see Annex [1] (*Inflation Linked Note Provisions*) to this Final Terms for further details)]

[Combined Underlying Linked Notes (see Annex [3] (*Combined Underlying Linked Note Provisions*) to this Final Terms for further details)]

Final Redemption FX Factor:

(i)	Initial FX Rate		[•][An exchange rate determined in accordance with the definition of "Initial FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A)	Initial FX Fixing Page:	[•]
	(B)	Initial FX Fixing Date:	[Strike Date][•]
	(C)	Initial FX Fixing Time:	[•]
(ii)	Final FX Rate		[•][An exchange rate determined in accordance with the definition of "Final FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A)	Final FX Fixing Page:	[•]
	(B)	Final FX Fixing Date:	[•] [FX Business Days prior to][the Maturity Date [or if such date is not a FX Business Day, the next following FX Business Day]
	(C)	Final FX Fixing Time:	[•]

	(iii) FX Business Day Jurisdictions:	[•][Principal financial centre of each of the Specified Currency and the FX Currency]
25.	Early Redemption Amount:	[[•] of Calculation Amount]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[Not Applicable][Final Redemption Amount][Fair Market Value]
	Early Redemption FX Factor:	[Final FX Rate/Initial FX Rate] [Initial FX Rate/Final FX Rate] [Not Applicable]]
	(i) Initial FX Rate	[•][An exchange rate determined in accordance with the definition of "Initial FX Rate" Condition 17 (*FX Factors and Price Source Disruption*)].
	(A) Initial FX Fixing Page:	[•]
	(B) Initial FX Fixing Date:	[Strike Date][•]
	(C) Initial FX Fixing Time:	[•]
	(ii) Final FX Rate	[•][An exchange rate determined in accordance with the definition of "Final FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A) Final FX Fixing Page:	[•]
	(B) Final FX Fixing Date:	[•] [FX Business Days prior to the Early Redemption Date]
	(C) Final FX Fixing Time:	[•]
	(iii) FX Business Day Jurisdictions:	[•][Principal financial centre of the Specified Currency and the FX Currency]

26. Details relating to Instalment Notes: [Not Applicable]

Instalment Date	Instalment Amount	Instalment Reduction
[•]	[•]/[•] per cent. of original nominal amount of the Notes/[Inflation Linked]	[•]/[•] per cent. of the original nominal amount of the Notes

27. Issuer Call Option [Applicable][Not applicable]

(a) Optional Redemption Date(s): [•]

(b) Notice period (if other than as set out in the Conditions): [•]

(c) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [[•] per Calculation Amount/Fair Market Value/[•]]

(d) If redeemable in part:

(i) Minimum Redemption Amount: [•] per Calculation Amount

(ii) Maximum Redemption Amount: [•] per Calculation Amount

28. Noteholder Put Option [Applicable/][Not applicable]

(a) Optional Redemption Date(s): [•]

(b) Notice period (if other than as set out in the Conditions): [•]

(c) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[•] per Calculation Amount/Fair Market Value/[•]]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes: [Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]

[The Notes will be fungible for trading purposes with the Original Notes upon and to the extent of the Temporary Global Note being exchanged for the Permanent Global Note. Until such exchange, the Notes will have a temporary ISIN, Common Code and SEDOL Code and following such exchange, have the same ISIN, Common Code and SEDOL

		Code as the Original Notes (as set out below in Paragraph [8] (*Operational Information*) of Part B).]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]] [Registered Notes: Registered Global Note ([•] nominal amount)] [Uncertificated Registered Notes] [Swedish Notes] [Finnish Notes] [Italian Notes]
30.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable][•]
31.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes][No]

DISTRIBUTION

32.	(a)	If syndicated, names [and addresses] of Managers:	[Not Applicable][•]
	(b)	Date of [Subscription] Agreement:	[Not Applicable][•]
33.		If non-syndicated, name [and address] of relevant Dealer:	[Not Applicable][•] [Investec Bank plc will initially subscribe for up to [•] per cent. of the principal amount of the Tranche as unsold allotment. Investec Bank plc may subsequently place such Notes in the secondary market or such Notes may subsequently be repurchased by the Issuer and cancelled.]
34.		Total commission and concession:	[[•] per cent. of the Aggregate Nominal Amount][Not applicable]
35.		U.S. Selling Restrictions:	[Reg. S Compliance Category: [2]; [TEFRA D][TEFRA C][TEFRA not applicable]
36.		Prohibition of Sales to EEA Retail Investors:	[Applicable][Not Applicable [from [[•] until [•]] [*t*he date which falls [•] Business Days after the Issue Date]]

TAXATION

37.	Taxation:	Condition [7A] (*Taxation - No Gross up*) [applies][does not apply]

[Condition [7B] (*Taxation - Gross Up*) [applies][does not apply]]

SECURITY

38. Security Provisions: [Applicable][Not applicable]

(a) Secured Portion: [100][•] per cent. of the Notes

(b) Whether Collateral Pool secures this Series of Notes only or this Series and other Series: [This Series only][This Series and other Series].

(c) Date of Supplemental Trust Deed relating to the Collateral Pool securing the Notes and Series Number of first Series of Secured Notes secured thereby: Supplemental Trust Deed dated [•] securing [this Series only][Series Number [•] among others]

(d) Eligible Collateral:

	Valuation Percentage	Maximum Percentage
(i) Cash in an Eligible Currency	[•]%	[•]%
(ii) Negotiable debt obligations issued by the government of [•] having an original maturity at issuance of not more than one year	[•]%	[•]%
(iii) Negotiable debt obligations issued by the government of [•] having an original maturity at issuance of more than one year but not more than 10 years	[•]%	[•]%
(iv) Negotiable debt obligations issued by the government of [•] having an	[•]%	[•]%

original maturity at issuance of more than 10 years

(v) Negotiable senior debt obligations issued or guaranteed by any of the following entities:

Name of Entity	Valuation Percentage	Maximum Percentage
[•]	[•]%	[•]%
[•]	[•]%	[•]%
[•]	[•]%	[•]%
[•]	[•]%	[•]%

(vi) Negotiable senior debt obligations issued by any entity[, provided that such senior debt obligations are [listed][cleared through Euroclear and/or Clearstream, Luxembourg][rated investment grade by one or more rating agencies][•].

(vii) Negotiable subordinated debt obligations issued [or guaranteed] by any of the following entities:

Name of Entity [and description of subordinated debt, where appropriate]	Valuation Percentage	Maximum Percentage
[•]	[•]%	[•]%
[•]	[•]%	[•]%
[•]	[•]%	[•]%
[•]	[•]%	[•]%

(viii) Negotiable subordinated debt obligations issued by any entity[, provided that such subordinated debt obligations are [listed][cleared through Euroclear and/or Clearstream, Luxembourg][rated investment grade by one or more rating agencies][•].

(e)	Valuation Dates:	[•][Not Applicable]
(f)	Eligible Currency(ies):	[•]
(g)	Base Currency:	[•]
(h)	Minimum Transfer Amount:	[•]
(i)	Independent Amount:	[•]
(j)	Dealer Waiver of Rights:	[Applicable] [Not Applicable]
	(i) Maximum Waivable Amount:	[•] per cent. of the principal amount of the Series of Waivable Notes

CREDIT LINKAGE

39.	Credit Linkage	[Applicable][Not Applicable]
(a)	Credit Linked Portion:	[[100][•] per cent. of the Notes][the Secured Portion (as described in Paragraph [38(a)] above)][Not Applicable]
(b)	Credit Linked Note type:	[Single Name CLN][Basket CLN][Index CLN][Tranched CLN]
(c)	[Reference Entit[ies][y]][Index]:	[The Reference Entites set out in the table contained in Annex [2][4] to these Final Terms.] [Equal Weighting] [and] [Equal Initial Weighting] [and] [Fixed CLN Percentage] [appl[ies][y]].

Name of Reference Entity	Reference Entity Weighting (%)	Intital Weighting	Reference Entity Removal Date
[•]	[•][Equal Weighting applies]	[•][Equal Initial Weighting applies][Not Applicable]	[Not Applicable][•]

	[Annex Date:	[*Specify Series and Version*]]
	[Fixed CLN Percentage:	[[•] per cent.]]
(d)	Recovery Rate:	[[General Recovery Rate][Specific Recovery Rate][Zero Recovery Rate][Fixed Recovery Rate] shall apply.]
	(i) [Fixed Recovery Rate:	[[•] per cent.]]
(e)	Tranched CLN Trigger Percentage	[[•] per cent.][Not Applicable]
(f)	Interest Accrual Cessation Date:	[The Interest Payment Date immediately preceding the [Credit Event Notice Date][Event Determination Date] or, in the case of a [Credit Event Notice Date][Event Determination Date occurring during the first Interest

			Period, the Interest Commencement Date][The date on which the Credit Event occurs (as specified in the Credit Event Notice)][The date specified in the CDS Event Notice as the date on which the Credit Event triggering the relevant Event Determination Date (each term as defined in the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc.) occurred.]
(g)	Noteholder Amendment Request:		[Applicable][Not Applicable]
(h)	Credit Linked FX Factor:		[Final FX Rate/Initial FX Rate] [Initial FX Rate/Final FX Rate] [Not Applicable]]
	(i)	Initial FX Rate	[•][An exchange rate determined in accordance with the definition of "Initial FX Rate" Condition 17 (*FX Factors and Price Source Disruption*)].
		(A) Initial FX Fixing Page:	[•]
		(B) Initial FX Fixing Date:	[Strike Date][•]
		(C) Initial FX Fixing Time:	[•]
	(ii)	Final FX Rate	[•][An exchange rate determined in accordance with the definition of "Final FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
		(A) Final FX Fixing Page:	[•]
		(B) Final FX Fixing Date:	[In relation to a [Credit Event][CDS Event] Redemption Amount] the [relevant Credit Event Notice Date][relevant Event Determination Date][date on which the relevant Credit Event occurs (as specified in the Credit Event Notice)][date specified in the relevant CDS Event Notice as the date on which the Credit Event triggering the relevant Event Determination Date (each term as defined in the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc.) occurred.][or if such date is not a FX Business Day, the next following FX Business Day.][•]
		(C) Final FX Fixing Time:	[•]
	(iii)	FX Business Day	[•][Principal financial centre of the Specified Currency and

		Jurisdictions:	the FX Currency]
(i)	Simplified Credit Linkage:		[Applicable][Not Applicable]
(j)	ISDA Credit Linkage:		[Applicable][Not Applicable]
	(i)	Reference Entity Reference Obligation:	[Applicable][Not Applicable]

Name of Reference Entity	Reference Obligation
[•]	[•]

	(ii)	Seniority Level:	[Senior Level][Subordinated Level]
	(iii)	Quotation Amount:	[•]
	(iv)	Recovery Rate Gearing:	[[•] per cent.][Not Applicable]
	(v)	Reference Entity Removal Provisions:	[Adjustment][Non-Adjustment][Not Applicable]
	(vi)	CDS Event Redemption Amount:	[Option A][Option B]
	(vii)	CDS Event Redemption Date:	[The Maturity Date][Three Business Days following the Settlement Date under the relevant Notional CDS]
(k)	Parallel Credit Linkage Provisions:		[Applicable][Not Applicable]
	(i)	Reference Entity	[•][Not Applicable]
	(ii)	Parallel Reference Obligation(s):	[•][Not Applicable]
	(iii)	Recovery Rate:	[General Recovery Rate][Specific Recovery Rate][Zero Recovery Rate] shall apply.
	(iv)	Seniority Level:	[Senior Level][Subordinated Level]
	(v)	Parallel Credit Linkage Quotation Amount:	[•]
	(vi)	Recovery Rate Gearing:	[[•] per cent.][Not Applicable]

(vii)	CDS Event Redemption Amount	[Option A][Option B]
(viii)	CDS Event Redemption Date:	[The Maturity Date][Three Business Days following the Settlement Date under the relevant Notional CDS]

RESPONSIBILITY

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: ..... By: .....
Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

1. **LISTING**

(a)	[Listing:	[Official List of [the FCA][Nasdaq Stockholm][the NDX][Nasdaq Helsinki][Borsa Italiana]][Not Applicable]
(b)	Admission to trading:	[Application [has been made][is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Regulated Market of] [the London Stock Exchange][Nasdaq Stockholm][NDX][Nasdaq Helsinki][Securitised Derivatives Exchange of the Borsa Italiana] with effect from [ ].] [Not applicable.]]

2. **RATINGS**

Ratings:	[The long-term senior debt of the Issuer has been rated:]/[The Notes to be issued have been rated:] [S & P: [ ]] [Moody's: [ ]] [Fitch: [ ]] [The Notes to be issued have not been rated.]

3. [**INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save as discussed in the "Subscription and Sale" section of the Base Prospectus, relating to the Issuer's agreement to reimburse the Dealers to certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith, 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**

(a)	Reasons for the offer:	[ ][Making a profit and/or hedging purposes] [Information not required]
(b)	Estimated net proceeds:	[ ] [Information not required]
(c)	Estimated total expenses:	[ ] [Information not required]

5. [***Fixed Rate Notes only* – YIELD**

Indication of yield:	[[•] per cent. [per annum/specify other]] [Calculated as [•] on the Issue Date.] [Calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [***Floating Rate Notes only* – HISTORIC INTEREST RATES**

Information on past and future performance and volatility of the [LIBOR/EURIBOR] interest rates can be obtained from [Reuters].]

7. **PERFORMANCE AND VOLATILITY OF THE UNDERLYING AND OTHER INFORMATION CONCERNING THE UNDERLYING**

[Information about the past and the further performance of the underlying and its volatility can be found [•]]

[Information about the Reference Entit[y][ies] can be found [•]]

The Issuer [intends to provide post-issuance information [•] [does not intend to provide post-issuance information].

8. **OPERATIONAL INFORMATION**

(a)	ISIN Code:	[ ][Not applicable]
	[Temporary ISIN Code:	[ ] [Following consolidation with Original Notes: [ ]]
(b)	SEDOL Code:	[ ][Not applicable]
	[Temporary SEDOL Code:	[ ] [Following consolidation with Original Notes: [ ]]
(c)	Common Code:	[ ][Not applicable]
	[Temporary Common Code:	[ ] [Following consolidation with Original Notes: [ ]]
(d)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[ ][The Notes will be Uncertified Registered Notes held in CREST][Not applicable][Swedish CSD][Finnish CSD][Italian CSD]
(e)	Delivery:	[Delivery against payment][Delivery free of payment]
(f)	Additional Paying Agent(s) (if any):	[ ][Not applicable]
(g)	Common Depositary:	[ ][Not applicable]
(h)	Calculation Agent:	[ ]
	(i) is Calculation Agent to make calculations?	[Yes][No]
	(ii) if not, identify calculation agent:	[ ][Not applicable]
(i)	Nordic Paying Agent:	[ ][Not applicable]

(j)	Italian Paying Agent:	[ ][Not applicable]

9. **TERMS AND CONDITIONS OF THE OFFER**

[Not Applicable]

(a)	[Offer Price:	[The Offer Price for the Notes is [•] per cent.]
(b)	Offer Period:	[ ]
(c)	Conditions to which the offer is subject:	[ ]
(d)	Description of the application process:	[ ]
(e)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[ ]
(f)	Details of the minimum and/or maximum amount of application:	[ ]
(g)	Details of the method and time limits for paying up and delivering the Notes:	[ ]
(h)	Manner in and date on which results of the offer are to be made public:	[ ]
(i)	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[ ]
(j)	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[ ]
(k)	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[ ]
(l)	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:]	[ ]

[ANNEX 1
EQUITY/INDEX/DUAL UNDERLYING LINKED NOTE PROVISIONS]

1.	**Type of Note:**	[Index Linked Note][Equity Linked Note][Dual Underlying Linked Note][Combined Underlying Linked Note]
2.	**Type of Underlying:**	[Single Index] [Basket of Indices] [Single [ETF] Share] [Basket of [ETF] Shares] [Dual Underlyings, being [a Single Index/a Basket of Indices/a Single [ETF] Share/a Basket of [ETF] Shares] and [a Single Index/a Basket of Indices/a Single [ETF] Share/a Basket of [ETF] Shares]
3.	**Physical Settlement**	[Applicable][Not Applicable]
	(a) Equity Linked Physical Settlement:	[Applicable][Not Applicable]
	(b) Downside Only Physical Settlement:	[Applicable][Not Applicable]
4.	**Redemption and Interest Payment Provisions:**	
(a)	Return Factor:	[•][Not Applicable]]
(b)	FX Factors:	[Not Applicable][Applicable in accordance with the below.]
	Kick Out FX Factor	[Final FX Rate/Initial FX Rate] [Initial FX Rate/Final FX Rate] [Not Applicable]]
	(i) Initial FX Rate	[•][An exchange rate determined in accordance with the definition of "Initial FX Rate" Condition 17 (*FX Factors and Price Source Disruption*)].
	(A) Initial FX Fixing Page:	[•]
	(B) Initial FX Fixing Date:	[Strike Date][•]
	(C) Initial FX Fixing Time:	[•]
	(ii) Final FX Rate	[•][An exchange rate determined in accordance with the definition of "Final FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A) Final FX Fixing Page:	[•]
	(B) Final FX	[•] [FX Business Days prior to] [the relevant Automatic Early Redemption Valuation Date (as applicable)][or if

		Fixing Date:	such date is not a FX Business Day, the next following FX Business Day].
	(C)	Final FX Fixing Time:	[•]
FX Factor [1][2][3]			[Final FX Rate/Initial FX Rate] [Initial FX Rate/Final FX Rate] [Not Applicable]]
(iii)	Initial FX Rate		[•][An exchange rate determined in accordance with the definition of "Initial FX Rate" Condition 17 (*FX Factors and Price Source Disruption*)].
	(A)	Initial FX Fixing Page:	[•]
	(B)	Initial FX Fixing Date:	[Strike Date][•]
	(C)	Initial FX Fixing Time:	[•]
(iv)	Final FX Rate		[•][An exchange rate determined in accordance with the definition of "Final FX Rate" in Condition 17 (*FX Factors and Price Source Disruption*)].
	(A)	Final FX Fixing Page:	[•]
	(B)	Final FX Fixing Date:	[•] [FX Business Days prior to the][Maturity Date][the Final Redemption Valuation Date] [or if such date is not a FX Business Day, the next following FX Business Day]
	(C)	Final FX Fixing Time:	[•]
(v)	FX Business Day Jurisdictions:		[•][Principal financial centre of the Specified Currency and the FX Currency]
(c)	*Kick Out Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
(i)	Return Threshold:		[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
(ii)	Strike Percentage:		[[•] per cent.]] [Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*).

		[indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(iii)	Capital Downside:	[Applicable][Not Applicable]
(iv)	Digital Return	[[•] per cent.][Not Applicable] [Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(v)	Upside Return:	[Applicable][Not Applicable]
(vi)	Cap:	[[•] per cent.][Not Applicable]
(vii)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(viii)	Downside Return 1:	[Applicable][Not Applicable]
(ix)	Downside Return 2:	[Applicable][Not Applicable]
(x)	Gearing 2:	[[•] per cent.][Not Applicable] [Gearing 2 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]]

			[indicative maximum amount: [•]]]
			[Gearing 2 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(xi)	Lower Strike:	[[•] per cent.][Not Applicable]
	(xii)	Upper Strike:	[[•] per cent.][Not Applicable]
(d)	*Kick Out Notes without Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Strike Percentage:	[[•] per cent.]] [Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*).
			[indicatively [•]]
			[indicative minimum amount: [•]]
			[indicative maximum amount: [•]]]
			[The Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iii)	Digital Return:	[[•] per cent.][Not Applicable] [Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*).
			[indicatively [•]]
			[indicative minimum amount: [•]]
			[indicative maximum amount: [•]]]
			[The Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iv)	Upside Return:	[Applicable][Not Applicable]
	(v)	Cap:	[[•] per cent.][Not Applicable]
	(vi)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*).
			[indicatively [•]]
			[indicative minimum amount: [•]]
			[indicative maximum amount: [•]]]
			[Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18

(*Indicative Terms*)]

(e) *Phoenix Kick Out Notes with Capital at Risk Redemption Provisions* [Applicable][Not Applicable]

(i) Interest Amount: [In relation to each Calculation Amount and each Interest Payment Date, an amount equal to [•] per cent. of such Calculation Amount][•]

[[In relation to each Calculation Amount and each Interest Payment Date, a specified percentage of Calculation Amount to be determined in accordance with Condition 18 (*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[The Interest Amount will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(ii) Constant Monitoring: [Applicable][Not Applicable]

(iii) Interest Amount Condition: [Bermudan/American/European] [[Worst][Best] of Provisions apply in relation to the determination of whether the Interest Amount Condition is satisfied]

Interest Payment Date	**Interest [Valuation Dates] [Observation Dates]**	**Interest Amount Level** (as a percentage of the [Initial Index Level][Initial Share Price])	**Interest Observation Start Date**	**Interest Observation End Date**
[•]	[•][Interest Observation Period applies]	[•]	[•][Not applicable]	[•][Not applicable]
[[•]	[•][Interest Observation Period applies]	[•]	[•][Not applicable]	[•][Not applicable]

(iv) Interest Amount Averaging: [Applicable/Not applicable]

Interest Payment Date	**Interest Amount Averaging Dates**	**Interest Amount Averaging Start Date**	**Interest Amount Averaging End Date**
[•]	[•][Interest Amount Averaging Period applies]	[•][Not applicable]	[•][Not applicable]

	(v)	Return Threshold:	[[•] per cent. of the [Initial Index Level][Initial Share Price][Initial Value]]
	(vi)	Digital Return:	[[•] per cent.] [Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(vii)	Memory Feature Provisions:	[Applicable][Not Applicable]
	(viii)	Gearing 1:	[[•] per cent. / Not applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(f)	*Upside Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Strike Percentage:	[[•] per cent.]] [Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iii)	Capital Downside:	[Applicable][Not Applicable]
	(iv)	Digital Return:	[[•] per cent.][Not Applicable] [Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*).

		[indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(v)	Upside Return:	[Applicable][Not Applicable]
(vi)	Minimum Return:	[[•] per cent.][Not Applicable] [Minimum Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Minimum Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(vii)	Cap:	[[•] per cent.][Not Applicable]
(viii)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(ix)	Downside Return 1:	[Applicable][Not Applicable]
(x)	Downside Return 2:	[Applicable][Not Applicable]
(xi)	Gearing 2:	[[•] per cent.][Not Applicable] [Gearing 2 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 2 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms

			Notification Date as described in Condition 18 (*Indicative Terms*)]
	(xii)	Lower Strike:	[[•] per cent.][Not Applicable]
	(xiii)	Upper Strike:	[[•] per cent.][Not Applicable]
(g)	*Upside Notes without Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Strike Percentage:	[[•] per cent.]] [Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iii)	Digital Return:	[[•] per cent.][Not Applicable] [Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iv)	Upside Return:	[Applicable][Not Applicable]
	(v)	Minimum Return:	[[•] per cent.][Not Applicable] [Minimum Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Minimum Price will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(vi)	Cap:	[[•] per cent.][Not Applicable]
	(vii)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative*

			Terms). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(h)	*Geared Booster Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Strike Percentage:	[[•] per cent.]] [Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iii)	Capital Downside:	[Applicable][Not Applicable]
	(iv)	Upside Booster Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]] [Upside Booster Threshold to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Upside Booster Threshold will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(v)	Upside Booster Strike Percentage:	[[•] per cent.]] [Upside Booster Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]]

		[Upside Booster Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(vi)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(vii)	Gearing 2:	[[•] per cent.][Not Applicable] [Gearing 2 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 2 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(viii)	Cap:	[[•] per cent.][Not Applicable]
(ix)	Downside Return 1:	[Applicable][Not Applicable]
(x)	Downside Return 2:	[Applicable][Not Applicable]
(xi)	Gearing 3:	[[•] per cent.][Not Applicable] [Gearing 3 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 3 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(xii)	Lower Strike:	[[•] per cent.][Not Applicable]
(xiii)	Upper Strike:	[[•] per cent.][Not Applicable]

(i)	*Lock-In Call Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Strike Percentage:	[[•] per cent.]] [[•] per cent.]] [Strike Percentage to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [The Strike Percentage will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iii)	Lock-In Percentage:	[[•] per cent.]]
	(iv)	Lock-In Performance:	[[Worst][Best] of Provisions apply in relation to the determination Lock-In Performance]
		(A) Lock-In Observation Period:	[From and including [•] (the "**Lock-In Observation Start Date**") to and including [•] (the "**Lock-In Observation End Date**")][Not Applicable]
		(B) Lock-In Observation Date[s]:	[•][[Not Applicable]
	(v)	Gearing 1:	[[•] per cent.][Not Applicable] [[•] per cent.]] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(j)	*N Barrier (Income) Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Interest Amount:	[In relation to each Calculation Amount and each Interest Payment Date, an amount equal to [•] per cent. of such Calculation Amount][•] [[In relation to each Calculation Amount and each Interest Payment Date, a specified percentage of Calculation Amount to be determined in accordance with

Condition 18 (*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[The Interest Amount will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(ii) Constant Monitoring: [Applicable][Not Applicable]

(iii) Interest Amount Condition: [Bermudan/American/European] [[Worst][Best] of Provisions apply in relation to the determination of whether the Interest Amount Condition is satisfied]

Interest Payment Date	**Interest [Observation][Valuation] Date[s]**	**Interest Amount Threshold** (as a percentage of the [Initial Index Level][Initial Share Price] [Initial Value])	**Interest Observation Start Date**	**Interest Observation End Date**
[•]	[•][Interest Observation Period applies]	[•]	[•][Not applicable]	[•][Not applicable]
[[•]	[•][Interest Observation Period applies]	[•]	[•][Not applicable]	[•][Not applicable]

(iv) Interest Averaging: [Applicable][Not applicable]

Interest Payment Date	**Interest Averaging Dates**
[•]	[•]
Interest Payment Date	**Interest Averaging Period**
[•]	[Each Scheduled Trading Day in the period from [and including][but excluding] [•] (the "**Interest Averaging Start Date**") and to [and including][but excluding] [•] (the "**Interest Averaging End Date**")] [[•] (the "**Interest Averaging End Date**") and the

	[•] Scheduled Trading Days prior to the Initial Averaging End Date]

(v) Return Threshold: [[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]

(vi) Digital Return: [[•] per cent.][Not Applicable][Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[The Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(vii) Downside Return 1: [Applicable][Not Applicable]

(viii) Downside Return 2: [Applicable][Not Applicable]

(ix) Gearing 1 [[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(x) Lower Strike: [[•] per cent.][Not Applicable]

(xi) Upper Strike: [[•] per cent.][Not Applicable]

(k) *Range Accrual (Income) Notes with Capital at Risk Redemption Provisions* [Applicable][Not Applicable] [[Worst][Best] of Provisions apply in relation to the determination of the Accrual Factor]

(i) Range Accrual:

Interest Payment Date	**Range Upper Level**	**Range Lower Level**
[•]	[•]	[•]

(ii) Relevant Rate: [The Rate of Interest specified in the Fixed Rate provisions above][The Reference Rate specified in the Floating Rate provisions above *plus* any specified Margin] [•]

(iii) Return Threshold: [[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]

(iv) Digital Return: [•] per cent.

(v) Downside Return 1: [Applicable][Not Applicable]

(vi) Downside Return 2: [Applicable][Not Applicable]

(vii) Gearing 1: [[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*).

[indicatively [•]]

[indicative minimum amount: [•]]

[indicative maximum amount: [•]]]

[Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(viii) Lower Strike: [[•] per cent.][Not Applicable]

(ix) Upper Strike: [[•] per cent.][Not Applicable]

(l) *Range Accrual Notes (Income) without Capital at Risk:* [Applicable/Not applicable] [[Worst][Best] of Provisions apply in relation to the determination of the Accrual Factor]

(i) Range Accrual:

Interest Payment Date	**Range Upper Level**	**Range Lower Level**
[•]	[•]	[•]

(ii) Relevant Rate: [The Rate of Interest specified in the Fixed Rate provisions above][The Reference Rate specified in the Floating Rate provisions above *plus* any specified Margin] [•]

(iii) Return Threshold: [[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]

(iv) Digital Return: [•] per cent.

(m) *Reverse Convertible Notes with Capital at Risk* [Applicable][Not Applicable]

(i) Return Threshold: [[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]

(ii) Downside Return 1: [Applicable][Not Applicable]

(iii) Downside Return 2: [Applicable][Not Applicable]

	(iv)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(v)	Lower Strike:	[[•] per cent.][Not Applicable]
	(vi)	Upper Strike:	[[•] per cent.][Not Applicable]
(n)	*Dual Underlying Kick Out Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Risk Threshold	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(iii)	Digital Return:	[[•] per cent.][Not Applicable] [Digital Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Digital Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iv)	Upside Return:	[Applicable][Not Applicable]
	(v)	Cap:	[[•] per cent.][Not Applicable]
	(vi)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 1 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

	(vii)	Downside Return 1:	[Applicable][Not Applicable]
	(viii)	Downside Return 2:	[Applicable][Not Applicable]
	(ix)	Gearing 2:	[[•] per cent.][Not Applicable] [Gearing 2 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 2 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(x)	Lower Strike:	[[•] per cent.][Not Applicable]
	(xi)	Upper Strike:	[[•] per cent.][Not Applicable]
(o)	*Dual Underlying Upside Notes with Capital at Risk Redemption Provisions*		[Applicable][Not Applicable]
	(i)	Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(ii)	Risk Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
	(iii)	Minimum Return:	[[•] per cent.][Not Applicable] [Minimum Return to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Minimum Return will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
	(iv)	Cap:	[[•] per cent.][Not Applicable]
	(v)	Gearing 1:	[[•] per cent.][Not Applicable] [Gearing 2 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 1 will be notified and published on the

		Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(vi)	Downside Return 1:	[Applicable][Not Applicable]
(vii)	Downside Return 2:	[Applicable][Not Applicable]
(viii)	Gearing 2:	[[•] per cent.][Not Applicable] [Gearing 2 to be determined in accordance with Condition 18 (*Indicative Terms*). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]] [Gearing 2 will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]
(ix)	Lower Strike:	[[•] per cent.][Not Applicable]
(x)	Upper Strike	[[•] per cent.][Not Applicable]

5. **Additional Provisions:**

(a) Underlying:

(i) [Single Index [([the "**Return Underlying**"][the "**Risk Underlying**"])]] [•]

(ii) Index Sponsor: [•]

(iii) Exchange: [•][Multi-Exchange Index applies

(iv) [Basket of Indices [([the "**Return Underlying**"][the "**Risk Underlying**"])]]

Index	**Index Sponsor**	**Exchange**	**Weighting**
[•]	[•]	[•][Multi-Exchange Index]	[•][equally weighted Basket] [Not Applicable]

(v) [Single [ETF] Share [([the "**Return Underlying**"][the "**Risk Underlying**"])]] [•]

(vi) [Share Currency:]

(vii) [Share Issuer][Exchange Traded Fund]:] [•]

(viii) Exchange: [•]

(ix) [Basket of [ETF] Shares [([the "**Return Underlying**"][the "**Risk Underlying**"])]]

Name and short description of Share (including ISIN Number)	**[Share Issuer] [Exchange Traded Fund]**	**Share Currency**	**Exchange**	**[Weighting] [Number of Shares]**
[•]	[•]	[•]	[•]	[•][equally weighted Basket] [Not Applicable]

(b) Averaging Dates Market Disruption: [[Omission] [Postponement] [Modified Postponement] [Preceding] applies in respect of [Barrier Condition/Automatic Early Redemption/Final/Initial/Interest Averaging]/[Not Applicable]

(c) Additional Disruption Events: [Change of Law] [Hedging Disruption] [Increased Cost of Hedging][Insolvency Filing][ETF Modification][Strategy Breach][Regulatory Action][Cross-contamination] [As specified in Annex [3] (*Combined Underlying Linked*

Provisions)]

(d) Business Day: [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [•] [and (ii) which is a TARGET2 Business Day].] [As specified in Annex [3] (*Combined Underlying Linked Provisions*)]

(e) Valuation Time: [•]

(f) Strike Date: [•]

(g) [Initial Index Level][Initial Share Price][Initial Value]: [the Level on the Strike Date][the Price on the Strike Date] [the Value on the Strike Date] [Initial Averaging applies][Best Strike applies][•]

(i) [Constant Monitoring:] [Applicable][Not Applicable]

(ii) [Strike Start Date:] [•]

(iii) [Strike End Date:] [•]

(h) Initial Averaging: [Applicable][Not applicable]

(i) [Initial Averaging Dates:] [•][Initial Averaging Period applies]

(A) [Initial Averaging Period:] [Not Applicable] [Each Scheduled Trading Day in the period from [and including][but excluding] [•] (the "**Initial Averaging Start Date**") and to [and including][but excluding] [•] (the "**Initial Averaging End Date**")] [[•] (the "**Initial Averaging End Date**") and the [•] Scheduled Valuation Days prior to the Initial Averaging End Date.]

(i) Automatic Early Redemption: [Applicable][Not Applicable][Constant Monitoring applies][Worst][Best] of Provisions apply in relation to the determination of whether an Automatic Early Redemption Event has occurred.]

Automatic Early Redemption Valuation Date	**Automatic Early Redemption Date**	**Automatic Early Redemption Amount**	**Automatic Early Redemption Threshold**
[•]	[•]	[•] per cent. of Issue Price [Automatic Early Redemption Amount to be determined in accordance with Condition 18 (*Indicative*	[•] per cent. of Initial [Share Price][Value] [Index Level]

		Terms). [indicatively [•]] [indicative minimum amount: [•]] [indicative maximum amount: [•]]]	

[Automatic Early Redemption Amount will be notified and published on the Issuer's website at [•] on or about the Indicative Terms Notification Date as described in Condition 18 (*Indicative Terms*)]

(j) Automatic Early Redemption Averaging: [Applicable][Not Applicable]. [Automatic Early Redemption Averaging Period applies.]

[Automatic Early Redemption Date	**Automatic Early Redemption Averaging Dates**
[•]	[•], [•] and [•]]

[Automatic Early Redemption Date	**Automatic Early Redemption Averaging Period**
[•]	[Each Scheduled Trading Day in the period from and including [•] (the "**Automatic Early Redemption Averaging Start Date**") and to and including [•] (the "**Automatic Early Redemption Averaging End Date**")] [[•] (the "**Automatic Early Redemption Averaging End Date**") and the [•] Scheduled Trading Days prior to the Automatic Early Redemption Averaging End Date.]]

(k) Barrier Condition: [American][European][Bermudan][Not Applicable] [Worst][Best] of Provisions apply in relation to any determination of whether the Barrier Condition is satisfied.]

(i) [Barrier Threshold:] [•] per cent. of [Initial Index Level][Initial Share Price][Initial Value] [Barrier Threshold to be determined in accordance with Condition 18 (*Indicative Terms*).

	(ii)	[Barrier Valuation Date:]	[•][Not Applicable]
	(iii)	[Barrier Observation Period:]	[The period from and including [•] (the "**Barrier Observation Start Date**") to and including [•] (the "**Barrier Observation End Date**")][Not Applicable]
	(iv)	[Barrier Observation Dates:]	[[•][•] and [•]][Not Applicable]
	(v)	[Constant Monitoring:]	[Applicable][Not Applicable]
(l)	Barrier Averaging:		[Applicable][Not Applicable]
	(i)	[Barrier Averaging Dates:]	[[•][•] and [•]] [Barrier Averaging Period applies]
		(A) [Barrier Averaging Period:]	[Each Scheduled Trading Day in the period from and including [•] (the "**Barrier Averaging Start Date**") and to and including [•] (the "**Barrier Averaging End Date**")] [[•] (the "**Barrier Averaging End Date**") and the [•] Scheduled Trading Days prior to the Barrier Averaging End Date.]
(m)	[Final Index Level][Final Share Price][Final Value]:		[the Level on the Final Redemption Valuation Date][the Price on the Final Redemption Valuation Date][the Value on the Final Redemption Valuation Date][Final Averaging applies][Best Final applies] [Worst][Best] of Provisions apply in relation to the determination of [Final Index Level][Final Share Price][Final Value]]
	(i)	Final Redemption Valuation Date:	[•]
	(ii)	[Best Final Start Date:]	[•][Not Applicable]
	(iii)	[Best Final End Date:]	[•][Not Applicable]
	(iv)	[Constant Monitoring:]	[Applicable][Not Applicable]]
(n)	Final Averaging:		[Applicable][Not Applicable]
	(i)	[Final Averaging Dates:]	[[•] [Final Averaging Period applies]
	(ii)	[Final Averaging Period:]	[Not Applicable] [Each Scheduled Trading Day in the period from and including [•] (the "**Final Averaging Start Date**") and to and including [•] (the "**Final Averaging End Date**")] [[•] (the "**Final Averaging End Date**") and the [•] Scheduled Trading Days prior to the Final Averaging End Date.]
(o)	Downside [Final Index Level][Final Share Price][Final Value]:		[the Level on the Final Redemption Valuation Date][the Price on the Final Redemption Valuation Date][the Value on the Final Redemption Valuation Date][Downside Final Averaging applies][Downside Best Final applies] [Worst][Best] of Provisions apply in relation to the determination of Downside[Final Index Level][Final Share

			Price][Final Value]][Not Applicable]
	(i)	[Downside Final Redemption Valuation Date]:	[•]
	(ii)	[Downside Best Final Start Date:]	[•][Not Applicable]
	(iii)	[Downside Best Final End Date:]	[•][Not Applicable]
	(iv)	[Constant Monitoring:]	[Applicable][Not Applicable]]
(p)	Downside Final Averaging:		[Applicable][Not Applicable]
	(i)	[Downside Final Averaging Dates:]	[[•] [Downside Final Averaging Period applies]
	(ii)	[Downside Final Averaging Period:]	[Not Applicable] [Each Scheduled Trading Day in the period from and including [•] (the "**Downside Final Averaging Start Date**") and to and including [•] (the "**Downside Final Averaging End Date**")] [[•] (the "**Downside Final Averaging End Date**") and the [•] Scheduled Trading Days prior to the Downside Final Averaging End Date.]

[ANNEX [1][2]
INFLATION LINKED PROVISIONS]

1. **Type of Note:** [Inflation Linked Note][Combined Underlying Linked Note]

2. **Inflation Index:** [•]

3. **Redemption and Interest Provisions**

(a) *Inflation Linked Notes without Capital at Risk* [Applicable][Not applicable]

(i) Underlying Linked Interest: [Applicable][Not Applicable]

(ii) Fixed Rate of Interest: [•] / [Not Applicable]

(iii) Initial Inflation Level: [[•] / Reference Month: [•]]

(iv) Interest Payment Dates: [[•] in each year up to and including the Maturity Date / [•]][Not Applicable]

(v) Reference Month in relation to Interest Payment Dates: [•] / [Not applicable]

Interest Payment Date	**Reference Month**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**

(vi) Reference Month in relation to the Maturity Date: [•]

(vii) Minimum Return [•][Not Applicable]

(b) *Inflation (Interest Only) Linked Notes without Capital at Risk* [Applicable][Not applicable]

(i) Initial Inflation Level: [[•] / Reference Month: [•]]

(ii) Interest Payment Dates: [[•] in each year up to and including the Maturity Date / [•]]

(iii) Reference Month in relation to Interest Payment Dates: [•] / [Not applicable]

Interest Payment Date	**Reference Month**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**

(iv) Margin: [•] / [Not applicable]

(v) Maximum Rate of Interest: [•] / [Not applicable]

(vi) Minimum Rate of Interest: [•] / [Not applicable]

(c) *Inflation Linked Notes with Capital at Risk* [Applicable][Not applicable]

(i) Underlying Linked Interest: [Applicable][Not Applicable]

(ii) Fixed Rate of Interest: [•] / [Not applicable]

(iii) Initial Inflation Level: [[•] / Reference Month: [•]]

(iv) Interest Payment Dates: [[•] in each year up to and including the Maturity Date / [•]][Not Applicable]

(v) Reference Month in relation to Interest Payment Dates: [•] / [Not applicable]

Interest Payment Date	**Reference Month**
[•]	**[•]**
[•]	**[•]**

[•]	**[•]**
[•]	**[•]**

(vi) Reference Month: in relation to the Maturity Date: [•]

(vii) Inflation Linked Instalment Provisions: [Applicable][Not applicable]

(A) Reference Month in relation to Instalment Dates: [•]

Instalment Date	**Reference Month**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**

4. **Additional Provisions**

(a) Fallback Bond: [•] / [Not applicable]

(b) Related Bond: [•] / [Fallback Bond]

(c) Related Bond Redemption Event: [Applicable/Not applicable]

[ANNEX 3
COMBINED UNDERLYING LINKED PROVISIONS]

1. **Type of Note:** Combined Underlying Linked Note

2. **Return Underlying** [The Inflation Index specified in Annex [2] (*Inflation Linked Note Provisions*)]

3. **Risk Underlying** [The [Index][[ETF] share][Basket of Indices][Basket of Shares] specified in Annex [1] (*Equity/Index/Dual Underlying Linked Note Provisions*)]

4. **Redemption and Interest Provisions**

(a) *Underlying Linked Interest* [Applicable][Not applicable]

(i) Initial Inflation Level: [[•] / Reference Month: [•]]

(ii) Interest Payment Dates: [[•] in each year up to and including the Maturity Date / [•]][Not Applicable]

(iii) Reference Month in relation to Interest Payment Dates: [•] / [Not applicable]

Interest Payment Date	**Reference Month**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**
[•]	**[•]**

(iv) Adjusted Fixed/Floating [Applicable][Not Applicable]

(A) [Floating Rate of Interest: [Determined in accordance with Condition 4 (*Interest*)][Not Applicable]

(B) [Fixed Rate of Interest: [•] / [Not applicable]][Not Applicable]

(C) [Gearing 1: [•] / [Not applicable]]

(v) Spread Interest: [Applicable][Not Applicable]

(A) [Spread: [•] / [Not applicable]]

(B) [Maximum Rate of Interest: [•] / [Not applicable]]

(C) [Minimum Rate of Interest: [•] / [Not applicable]]

		(D) [Gearing 1:	[•] / [Not applicable]]
		(vi) Reference Month: in relation to the Maturity Date:	[•]
(b)	*Combined Underlying Linked Upside Notes with Capital at Risk*		[Applicable][Not applicable]
		(i) Return Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
		(ii) Risk Threshold	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
		(iii) Strike Percentage:	[[•] per cent.]]
		(iv) Cap:	[[•] per cent.][Not Applicable]
		(v) Gearing 2:	[[•] per cent.][Not Applicable]
		(vi) Downside Return 1:	[Applicable][Not Applicable]
		(vii) Downside Return 2:	[Applicable][Not Applicable]
		(viii) Gearing 3:	[[•] per cent.][Not Applicable]
		(ix) Lower Strike:	[[•] per cent.][Not Applicable]
		(x) Upper Strike:	[[•] per cent.][Not Applicable]
(c)	*Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk*		[Applicable][Not applicable]
		(i) Risk Threshold:	[[•] per cent. of [Initial Index Level][Initial Share Price][Initial Value]]
		(ii) Downside Return 1:	[Applicable][Not Applicable]
		(iii) Downside Return 2:	[Applicable][Not Applicable]
		(iv) Gearing 2:	[[•] per cent.][Not Applicable]
		(v) Lower Strike:	[[•] per cent.][Not Applicable]
		(vi) Upper Strike:	[[•] per cent.][Not Applicable]
5.	**Additional Provisions**		
(a)	(b) Additional Disruption Events:		[Change of Law] [Hedging Disruption] [Increased Cost of Hedging][Insolvency Filing][ETF Modification][Strategy Breach][Regulatory Action][Cross-contamination]
(c)	(d) Business Day:		[a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business

(including dealing in foreign exchange and foreign currency deposits) in [•] [and (ii) which is a TARGET2 Business Day].]

[ANNEX [2][4]
REFERENCE ENTITIES]

[*Insert table of Reference Entities determined by reference to a CDS Index*]

[ANNEX [2][3][4][5]
ADDITIONAL PROVISIONS NOT REQUIRED BY THE SECURITIES NOTE RELATING TO THE UNDERLYING]

Statements regarding the Reference Entity:	[Applicable – [name of Reference Entity]/[Not Applicable] [ ]
Statements Regarding the FTSE® 100 Index:	[Applicable/Not Applicable] [ ]
Statements Regarding the FTSE® All-World Index:	[Applicable/Not Applicable] [ ]
Statements regarding the S&P® 500 Index:	[Applicable/Not Applicable] [ ]
Statements regarding the EuroSTOXX® Index:	[Applicable/Not Applicable] [ ]
Statements regarding the MSCI® Index:	[Applicable/Not Applicable] [ ]
Statements regarding the MSCI Emerging Market Index:	[Applicable/Not Applicable] [ ]
Statements regarding the Hang Seng China Enterprises (HSCEI) Index:	[Applicable/Not Applicable] [ ]
Statements regarding the Deutscher Aktien Index (DAX):	[Applicable/Not Applicable] [ ]
Statements regarding the S&P/ASX 200 (AS51) Index:	[Applicable/Not Applicable] [ ]
Statements regarding the CAC 40 Index:	[Applicable/Not Applicable] [ ]
Statements regarding the Nikkei 225 Index:	[Applicable/Not Applicable] [ ]
Statements regarding the JSE Top40 Index:	[Applicable/Not Applicable] [ ]

Statements regarding the BNP Paribas SLI Enhanced Absolute Return Index:	[Applicable/Not Applicable]
Statements regarding the Finvex Sustainable Efficient Europe 30 Price Index:	[Applicable/Not Applicable]
	[ ]
Statements regarding the Finvex Sustainable Efficient World 30 Price Index:	[Applicable/Not Applicable]
	[ ]
Statements regarding the Tokyo Stock Exchange Price Index:	[Applicable/Not Applicable]
	[ ]
Statements regarding the EVEN 30™ Index:	[Applicable/Not Applicable]
	[ ]
Statements regarding the EURO 70™ Low Volatility Index:	[Applicable/Not Applicable]
	[ ]
Statements regarding the SMI Index:	[Applicable/Not Applicable]
Statements regarding the Russell 2000® Index:	[Applicable/Not Applicable]
	[ ]
Statements regarding the [•] Index:	[Applicable/Not Applicable]
	[ ]

ANNEX [2][3][4][5][6]

Summary

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "Not Applicable".

[*Insert issue specific summary*]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Notes of each Series will be in either bearer form, with or without interest coupons attached, certificated registered form or uncertificated registered form, in each case without interest coupons attached.

Bearer Notes

Each Tranche of Notes in bearer form will be initially issued in the form of a temporary bearer global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Final Terms, a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with the Temporary Bearer Global Note, the "**Bearer Global Notes**") which, in either case, will be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a similar certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused. Temporary Bearer Global Notes exchangeable for definitive Bearer Notes on or after the Exchange Date will not have a Specified Denomination which includes the concept of higher integral multiples above the minimum denomination.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. Where the applicable Final Terms specify that a Permanent Bearer Global Note will be exchangeable on 60 days' notice given at any time, the Notes will not have a Specified Denomination which includes the concept of higher integral multiples above the minimum denomination. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative or successor clearing system satisfactory to the Trustee is available or (iii) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to

Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes that are not in registered form for U.S. tax purposes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Temporary Bearer Global Note or a Permanent Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "**Registered Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(d) (*Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d) (*Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Notwithstanding Condition 5(d) (*Payments in respect of Registered Notes*), for so long as any Registered Note in global form is held through a clearing system, payments of any amount in respect of the Registered Notes will be made to the person shown in the Register as the Registered Holder of the Notes represented by a Registered Note at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where the "**Clearing**

System Business Day" means a day on which each clearing system for which the Global Trust Certificate is being held is open for business. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable see "*Subscription and Sale*"**.**

For purposes of clarity, references herein to "**Registered Notes**" do not include Notes issued in uncertificated registered form (the "**Uncertificated Registered Notes**"), and Registered Notes, in either global or definitive form, are not exchangeable for Uncertificated Registered Notes and *vice versa* (except that Uncertificated Registered Notes shall be exchanged for Registered Definitive Notes in certain limited circumstances specified in the Trust Deed, including in circumstances where such Uncertificated Registered Notes cease to be participating securities capable of being held in Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited).

Uncertificated Registered Notes

Each Tranche of Uncertificated Registered Notes will be in uncertificated registered form comprising Notes which are uncertificated units of a security in accordance with the Regulations.

Uncertificated Registered Notes will not be exchangeable for Notes in definitive registered form.

Title to Uncertificated Registered Notes is recorded on the relevant Operator register of corporate securities.

Each person who is for the time being shown in the Record (as defined under "*General Conditions of the Notes*") as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer, the CREST Registrar and the Trustee as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**holder of Uncertificated Registered Notes**" and related expressions shall be construed accordingly).

Further Tranches

Pursuant to the Agency Agreement (as defined under "*General Conditions of the Notes*") (in the case of Notes other than Uncertificated Registered Notes), the Principal Paying Agent (other than in relation Uncertificated Registered Notes or Dematerialised Notes) shall arrange that, where a further Tranche of Notes issued is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN number which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

Other provisions relating to Notes held in Euroclear and/or Clearstream, Luxembourg

For so long as any of the Notes is represented by a Bearer Global Note or a Registered Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate

or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

In respect of any Notes in the form of a Bearer Global Note or a Registered Global Note Condition 5(j) (*Payment Day*) provides that "**Payment Day**" means either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a TARGET Settlement Day (as defined in Condition 4 (*Interest*) above), and each Additional Financial Centre specified in the applicable Final Terms.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

USE OF PROCEEDS

The net proceeds from each issue of Notes will, unless specified in the applicable Final Terms, be used by the Issuer for general corporate purposes, which includes making a profit and/or hedging certain risks. If, in respect of any particular issue of Notes which are derivative securities for the purpose of Article 15 of the Commission Regulation No 809/2004 implementing the Prospectus Directive, there is another particular identified use of proceeds (other than making profit and/or hedging certain risks), this will be stated in the applicable Final Terms.

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the applicable Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders should ensure that they understand their tax position before acquiring any Notes. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to make sure they understand their tax position and whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

United Kingdom Withholding Tax

UK Withholding Tax on UK Source Interest

The Notes issued by the Issuer which carry a right to interest ("**UK Notes**") will constitute "quoted Eurobonds" provided they are and continue to be "listed on a recognised stock exchange". Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in EEA states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom Official List and admitted to trading on the regulated market (for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)) (the "**Regulated Market**") of the London Stock Exchange.

In addition to the quoted Eurobonds exemption set out above, interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with HMRC's Statement of Practice 4/96, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

(a) the borrowing in question conforms to any of the definitions of additional tier 1 capital or tier 2 capital adopted by the Prudential Regulation Authority of the Bank of England whether or not it actually counts towards additional tier 1 capital or tier 2 capital for regulatory purposes; or

(b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In the technical note published in December 2013 in connection with the introduction of an exemption from withholding for regulatory capital securities, HMRC announced that Statement of Practice 4/96 will be withdrawn in due course and guidance will be issued reflecting HMRC's view on certain matters referenced therein. It is unclear at present when such guidance will be issued and whether there is any

change in HMRC's views on the question of when an interest payment is made by a bank in the ordinary course of business.

In all cases falling outside the exemptions described above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

Other Rules Relating to UK Withholding Tax

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions outlined above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "**interest**" and "**principal**" above mean "interest" and "principal" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. See Condition 5 (*Payments*) of the Conditions). Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as these terms are understood in United Kingdom tax law. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer of the Notes (whether pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Conditions or otherwise) and does not consider the tax consequences of any such substitution.

OTHER INFORMATION RELATING TO TAX

The following is a general description of certain other non-United Kingdom tax considerations relating to the Notes. It does not purport to be a complete analysis of all non-United Kingdom tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The proposed FTT

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

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

WITHHOLDING ON ACCOUNT OF U.S. TAX UNDER FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "**FATCA**", a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SWEDISH WITHHOLDING TAX

There is no Swedish withholding tax at source (*källskatt*) applicable on payments made by the Issuer in respect of the Notes. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Notes a preliminary tax of 30 per cent. will be deducted from all payments of interest (including any compensation deemed to constitute interest for tax purposes) in respect of the Notes made to any individuals or estates that are resident in Sweden for tax purposes, provided the paying entity is subject to reporting obligations. Depending on the relevant holder's overall tax liability for the relevant fiscal year, the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

FINNISH TAXATION

The following is a general description addressing only the Finnish withholding tax treatment of income arising from the Notes. This description is (i) based on the laws, regulations and published case law in full force and effect in Finland and the interpretation thereof as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that the Issuer is not a Finnish resident for Finnish tax purposes and is not acting from a Finnish branch, permanent establishment or other fixed place of business in Finland in connection with the Notes. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The following description is based on an interpretation of general provisions of tax law. Prospective investors are therefore advised to consult their own qualified

advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, exercise, redemption, sale or other disposition of the Notes.

Non-Resident Holders of Notes

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a Finnish branch, permanent establishment or other fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Resident Holders of Notes

Corporates

Payments made by or on behalf of the Issuer to corporates resident in Finland for tax purposes may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

Individuals and Estates

An agent or intermediary resident in Finland shall withhold advance income tax from interest and any similar payments (e.g. interest compensation Fi: *jälkimarkkinahyvitys* and index compensation Fi *indeksihyvitys*) to an individual or estate residing in Finland, where such payment is made through the agent or intermediary. Payments classified as capital gain for Finnish income tax purposes are not subject to advance withholding of income tax.

ITALIAN TAXATION

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposal of the Notes by Italian resident Noteholders. It does not purport to be a complete analysis of all tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. This summary is based upon Italian tax laws and practice in effect as at the date of this Base Prospectus, which may be subject to change, potentially with retroactive effect.

Prospective holders should consult their own tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Securities.

General

The Notes may be subject to different tax regimes depending on whether:

(a) they represent derivative financial instruments or bundles of derivative financial instruments, through which the Noteholders purchase indirectly underlying financial instruments; or

(b) they represent bonds *(obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*). Securities can be qualified, for income tax purposes, as debentures similar to bonds (*titoli similari alle obbligazioni*) only to the extent that they incorporate an unconditional obligation to pay at maturity or upon redemption (to the Noteholder) an amount not less than therein indicated without providing any right to the Noteholders to participate in, or to control, the activity carried on by the Issuer; or

(c) they represent a debt instrument implying a "use of capital" (*impiego di capitale*), through which the Noteholders transfer to the Issuer a certain amount of capital, for the economic exploitation of the same, subject to the right to obtain a (partial or entire) reimbursement of such amount at maturity.

Notes representing derivative financial instruments or bundles of derivative financial instruments

Payments in respect of Notes qualifying as securitised derivative financial instruments received by Italian Noteholders as well as capital gains realised by Italian Noteholders (not engaged in entrepreneurial activities to which the Notes are connected) which are Italian resident individuals on any sale or transfer for consideration of the Notes or redemption thereof are subject to a 26 per cent capital gains tax, which applies under the following taxation regime: tax declaration regime ("*Regime della dichiarazione*"), administrative savings regime ("*Regime del risparmio amministrato*") and asset management regime ("*Regime del risparmio gestito*") as described under paragraph "Capital Gains Tax" below.

Capital Gains Tax

A 26 per cent. *imposta sostitutiva* is applicable on capital gains realised on the disposal of the Notes (by Noteholders included among the following categories of Italian resident persons:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the asset management regime ("*risparmio gestito*" regime) pursuant to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("Decree No. 461"), or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional associations, or

(c) a private or public institution (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) an investor exempt from Italian corporate income taxation (**"IRES"**),

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

(a) Under the tax declaration regime (*"regime della dichiarazione"*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are effectively connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any offsetable capital losses, realised by the Italian resident individual holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given fiscal year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must report the overall amount of the capital gains realised in any fiscal year, net of any offsetable capital losses, in the annual tax return and pay the *imposta sostitutiva* on those gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding fiscal years. Capital losses realized from 1st January 2012 to 30th June 2014 may be offset against capital gains realized after that date for an amount equal to 76.92% of the same capital losses.

(b) As an alternative to the tax declaration regime, Italian resident individual holding the Notes not in connection with an entrepreneurial activity may elect to pay under the administrative savings regime (*"regime del risparmio amministrato"*) the *imposta sostitutiva* separately on any capital gain realised on each sale or redemption of the Notes. Such separate taxation of capital gains is allowed subject to:

(1) the securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and

(2) an express election for the administrative savings regime being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of any capital gain realised on each sale or redemption of the Notes (as well as in respect of any capital gain realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the administrative savings regime, where a sale or redemption of the Notes results in a capital loss, which may be deducted from any capital gain subsequently realised, within the same securities management, in the same fiscal year or in the following fiscal years up to the fourth. Capital losses realized from 1st January 2012 to 30th June 2014 may be offset against capital gains realized after that date for an amount equal to 76.92% of the same capital losses. Under the administrative savings regime, the Noteholder is not required to declare the capital gains in the annual tax return.

(c) Under the asset management regime (*"regime del risparmio gestito"*), any capital gain realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. *imposta sostitutiva*, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding fiscal years. Depreciations of the managed assets reported during the period from 1st January 2012 to 30th June 2014 may be offset against increases in value of the managed assets accrued after that date for an amount equal to 76.92% of the same. The Noteholder is not required to report the capital gains realised in the annual tax return.

Any capital gain deriving from the sale or redemption of the Notes and realised by Italian resident companies (including Italian permanent establishments of foreign entities to which the Notes are connected), similar commercial entity, commercial partnership or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are effectively connected would not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and therefore subject to IRES (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for regional tax on business activities ("**IRAP**") purposes).

In the case of Notes held by Funds, SICAFs and SICAVs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAFs or SICAVs accrued at the end of each tax year. The Funds, SICAFs or SICAVs will not be subject to taxation on such increase, but must be included in the financial results of the Fund, SICAF or SICAV. The Fund, SICAF or SICAV will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **"Collective Investment Fund Substitute Tax"**).

Any capital gains realised by a Noteholder that is an Italian real estate fund to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, or a SICAF, shall not be subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund or SICAF. The income of the real estate fund or SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by article 17 of the Decree No. 252) will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. annual substitute tax (the "**Pension Fund Tax**").

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No. 232.

Capital gains realised by non-Italian resident Noteholders are not subject to Italian taxation provided that the Notes are held outside Italy or the capital gain derived from transaction executed in regulated market.

Notes qualifying as bonds or debentures similar to bonds

Legislative Decree No. 239 of 1 April 1996, as subsequently amended **("Decree No. 239"**) sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as **"Interest"**) deriving from notes falling within the category of bonds *(obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by non-Italian resident issuers. The provisions of Decree No. 239 only apply to notes issued by the Issuer to the extent that they qualify as bonds or debentures similar to bonds pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented.

For these purposes, debentures similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Italian Resident Noteholders

Pursuant to Decree No. 239, where the Italian resident Noteholder, who is the beneficial owner of the Notes, is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the asset management regime ("*risparmio gestito*" regime) pursuant to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("Decree No. 461"), or

(b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional associations, or

(c) a private or public institution (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent., either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes. All the above categories are qualified as "net recipients".

Where the resident holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "SIMs"), fiduciary companies, società di gestione del risparmio (so called "SGRs"), stockbrokers and other qualified entities resident in Italy (**"Intermediaries"**, and each, an **"Intermediary"**) or by permanent establishments in Italy of a non Italian resident Intermediary, that intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes.

Payments of Interest in respect of Notes that fall within the definitions set out above are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

(a) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

(b) Italian resident partnerships carrying out commercial activities (*'società in nome collettivo'* or *'società in accomandita semplice'*);

(c) Italian resident open-ended or closed-ended collective investment funds (together, the "Funds", and each, a "Fund"), SICAVs, Italian resident pension funds referred to in Legislative Decree No. 252 of 5th December, 2005 **("Decree No. 252"**), Italian resident real estate investment funds, investment companies with fixed capital (SICAFs); and

(d) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the asset management regime (*'regime del risparmio gestito'*).

Such categories are qualified as "gross recipients".

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (a) to (d) must:

(a) be the beneficial owners of payments of Interest on the Notes, and

(b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary).

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the asset management regime (*'regime del risparmio gestito'*) are subject to a 26 per cent. annual substitute tax (the **"Asset Management Tax"**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAF or a SICAV and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, SICAF or SICAV. The Fund, SICAF or SICAV will not be subject to taxation on such result, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident real estate investment fund, to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, or a SICAF, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or SICAF. The income of the real estate fund or SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an Italian resident

intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 of 11 December 2016 ("Law No. 232").

Non-Italian resident Noteholders

Interest payments relating to Notes received by non-Italian resident beneficial owners are not subject to taxation in Italy.

If the Notes are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign Intermediary) or are sold through an Italian Intermediary (or permanent establishment in Italy of foreign Intermediary) or in any case an Italian resident Intermediary (or permanent establishment in Italy of foreign Intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation, a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a statement (*autocertificazione*) stating that he or she is not resident in Italy for tax purposes.

Capital Gains

Pursuant to Decree No. 461, a 26 per cent. substitute tax on capital gains referred to as *"imposta sostitutiva"* is applicable to capital gains realised by:

(a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;

(b) an Italian resident partnership not carrying out commercial activities;

(c) an Italian private or public institution not carrying out mainly or exclusively commercial activities; or

(d) on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called tax declaration regime (*'regime della dichiarazione'*), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding fiscal year. Capital losses realized from 1st January 2012 to 30th June 2014 may be offset against capital gains realized after that date for an amount equal to 76.92% of the same capital losses.

Alternatively to the tax declaration regime, holders of the Notes who are:

(a) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;

(b) Italian resident partnerships not carrying out commercial activities;

(c) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect for the administered savings regime (*'risparmio amministrato'* regime) to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and

(ii) an express election for the administered savings regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Capital losses realized from 1st January 2012 to 30th June 2014 may be offset against capital gains realized after that date for an amount equal to 76.92% of the same capital losses.

Special rules apply if the Notes are part of a portfolio managed in an asset management regime (*'risparmio gestito'* regime) by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Depreciations of the managed assets reported during the period from 1st January 2012 to 30th June 2014 may be offset against increases in value of the managed assets accrued after that date for an amount equal to 76.92% of the same. Also under the asset management regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

In the case of Notes held by Funds, SICAFs and SICAVs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAFs or SICAVs accrued at the end of each tax year. The Funds, SICAFs or SICAVs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Noteholder that is an Italian real estate fund to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, or a SICAF, shall not be subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund or SICAF. The income of the real estate fund or SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by article 17 of the Decree No. 252) will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No. 232.

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Presidential Decree No. 917 of 22 December 1986 (Decree No. 917), any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in

certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

(a) pursuant to the provisions of Decree No. 461 non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a state or territory listed in the Italian Ministerial Decree dated 4th September, 1996, as amended and supplemented by Italian Ministerial Decree from time to time (the "**White List**"). According to Article 11, par. 4, let. c), of Decree 239, the White List will be updated every six months period. Under these circumstances, if non Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the asset management regime or are subject to the administrative savings regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and

(b) in any event, non Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Notes not having 100% capital protection guaranteed by the Issuer

Notes not having 100% capital protection guaranteed by the Issuer are characterised for Italian tax purposes as "atypical securities".

Income of any kind, including interest and any sum paid to Noteholders at maturity in excess over the issue price and relating to Notes characterised as "atypical securities" are subject to withholding tax levied at the rate of 26 per cent. - final or in advance, depending on the "status" and tax residence of the Noteholder - pursuant to Article 5 of Law Decree no. 512 of 30 September 1983, converted into law with amendments by Law No 649 of 25 November 1983.

If the Notes are issued by a non-Italian resident Issuer, the 26 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership or (iii) a commercial private or public institution.

The 26 per cent withholding tax is levied by any Italian resident entity which intervenes in the collection of payments on the Notes or in their repurchase or transfers. In case the payments on the Notes are not received through any aforementioned Italian resident entity, Italian resident individual Noteholders are required to report the payments in their income tax return and subject them to a final withholding tax at 26 per cent. rate. Italian resident individual Noteholders may elect instead to pay ordinary income tax at the progressive rates applicable to them in respect of the payments; if so, the Italian resident individual Noteholders should generally benefit from a tax credit for any withholding tax possible applied outside Italy.

For the sake of completeness it is worth pointing out that non-Italian resident Noteholders may be entitled to claim, if certain relevant conditions are met, a reduction of such 26 per cent. withholding tax under the double taxation treaty (generally, to 10 per cent. or to the other applicable rates, if more favourable), if any, entered into by Italy and its country of residence, subject to timely filing of required documentation.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes not falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) and qualify as *titoli atipici* ("atypical securities") pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Law No. 232.

Inheritance and Gift Tax

The transfer of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

(a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding euro 1,000,000 (per beneficiary);

(b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding euro 100,000 (per beneficiary);

(c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree;

(d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding euro 1,500,000.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18 October 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the substitute tax (*imposta sostitutiva*) provided for by Decree No. 461 of 21 November 1997. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Stamp duty

According to Article 13 par. 2-ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October, 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any Notes which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on financial assets deposited abroad

According to Article 19 of Decree No. 201/2011, Italian resident individuals holding financial assets – including the Notes – outside of the Italian territory are required to pay a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year or – if no market value figure is available – on the nominal value or redemption value, or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held outside of the Italian territory.

Tax monitoring obligations

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended by Law No. 97 of 6 August 2013 and subsequently amended by Law No. 50 of 28 March 2014, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to (i) Notes deposited for management with qualified Italian financial intermediaries, (ii) with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

SUBSCRIPTION AND SALE

The Dealer has, in a programme agreement most recently amended and restated on or about 19 July 2017 (such programme agreement as further modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**"), agreed with the Issuer a basis upon which it and any other dealers from time to time appointed under the Programme or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Summary of Provisions relating to the Notes while in Global Form*" and "*General Conditions of the Notes*". The Notes may be sold by the Issuer through the Dealer(s), acting as agent(s) of the Issuer. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes may include Notes in bearer form for U.S. tax purposes which are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Prohibition of Sales to EEA Retail Investors

From and including the date on which the PRIIPs Regulation applies, unless and to the extent that the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to the date that the PRIIPs Regulation applies, and from and including such date only if and to the extent that the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) *Approved Prospectus*: if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Finland

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any Notes directly or indirectly in Finland by way of a public offering, unless in compliance with all applicable provisions of the laws of Finland, including the Finnish Securities Markets Act (746/2012, as amended) and any regulation issued thereunder and the regulations and instructions issued by the Finnish Financial Supervisory Authority, as supplemented and amended from time to time.

Republic of Italy

Unless specified in the relevant Final Terms that a Non-exempt Offer may be made in Italy, the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (a) or (b) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**); and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Investors should also note that in connection with the subsequent distribution of the Notes (with a minimum denomination lower than €100,000 or its equivalent in another currency) in the Republic of Italy, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) or (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by investors.

Switzerland

The Notes do not constitute participations in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("CISA"). Therefore, the Notes are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA") and investors in the Notes will not benefit from protection under the CISA or supervision by FINMA.

Neither this Base Prospectus nor any offering or marketing material relating to the Notes constitute a prospectus within the meaning of (i) Articles 652a or Article 1156 of the Swiss Federal Code of

Obligations, (ii) Article 5 CISA and its implementing regulations or (iii) Article 21 of the Additional Rules for the Listing of Derivatives of SIX Swiss Exchange.

However, the Issuer reserves the right to set forth all information which may be required to be disclosed in a simplified prospectus pursuant to Article 5 CISA in a separate document referred to as "Final Terms" and/or "Simplified Prospectus" (the "**Simplified Prospectus**") for Notes distributed (such term including any offering and advertising) to qualified investors according to Article 10 Para. 3 to 4 CISA ("**Qualified Investors**") or non-qualified investors within the meaning of Article 5 Para. 1 CISA ("**Non-Qualified Investors**").

Except as described in this section, Notes constituting structured products within the meaning of Article 5 CISA ("**Structured Products**") may not be distributed to Non-Qualified Investors in or from Switzerland. They may only be distributed in or from Switzerland to Qualified Investors.

Any Notes constituting Structured Products which are intended to be distributed to Non-Qualified Investors in or from Switzerland may only be offered or advertised in accordance with the provisions of the CISA and its implementing regulations. In particular, the CISA requires that a Simplified Prospectus complying with Article 5 CISA, its implementing regulations and the Swiss Banking Guidelines on Informing Investors about Structured Products (as amended from time to time) must be published. A provisional version of such Simplified Prospectus including indicative information must be made available free of charge to any interested person prior to subscribing the Notes or prior to concluding an agreement to subscribe the Notes. The definitive version must be made available free of charge to any interested person on issue or on concluding an agreement to subscribe the Notes.

Notes constituting Structured Products which are not intended to be distributed to Non-Qualified Investors in or from Switzerland may only be distributed in or from Switzerland to Qualified Investors. Any Final Terms, Simplified Prospectuses, term sheets, fact sheets, or any other marketing material of products which are to be sold exclusively to Qualified Investors may not be distributed, copied, published or otherwise made public or available for Non-Qualified Investors.

South Africa

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not and will not offer or solicit any offers for sale or subscription or sell any Notes, in each case except in accordance with the South African exchange control regulations, the South African Companies Act, 2008 and any other applicable laws and regulations of South Africa in force from time to time. In particular, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer Notes for subscription, or otherwise sell any Notes, to any person who, or which, is a Resident (as defined in the South African exchange control regulations) other than in strict compliance with the South African exchange control regulations in effect from time to time, and, without prejudice to the foregoing, that it will take all reasonable measures available to it to ensure that no Note will be purchased by, or sold to, or beneficially held or owned by, any Resident (as defined in the South African exchange control regulations) other than in strict compliance with the South African exchange control regulations in effect from time to time.

Isle of Man

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it shall only offer or sell Notes in or from the Isle of Man if it holds an appropriate investment business licence issued by the Isle of Man Financial Supervision Commission (the "**FSC**") under section 7 of the Isle of Man Financial Services Act 2008 (the "**FSA 2008**"); and

(b) where it does not hold such a licence, it shall only offer or sell Notes to an "**Isle of Man person**" (within the meaning of the Isle of Man Regulated Activities Order 2011 (as amended) (the "**Order**")) where it is an "**overseas person**" (within the meaning of the Order) who is authorised to offer and sell the Notes by a regulator outside the Isle of Man and either:

(i) the offer or sale of the Notes is the direct result of an approach made to the Dealer by or on behalf of the Isle of Man person which has not been solicited by the Dealer

(otherwise than by means of an advertisement which is neither targeted at Isle of Man persons nor disseminated by a medium which is targeted at Isle of Man persons); or

(ii) the Isle of Man person:

(A) holds a licence issued by the FSC under section 7 of the FSA 2008 to carry on a regulated activity; or

(B) is a person falling within exclusion 2(r) contained in Schedule 1 to the Order; or

(C) is a person whose ordinary business activities involve him in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of his business.

Guernsey

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes may only be offered or sold in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "**POI Law**"); or (ii) to persons licensed under the POI Law; or (iii) to persons licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, Etc, (Bailiwick of Guernsey) Law, 2000.

Jersey

The Issuer does not hold a consent under the Control of Borrowing (Jersey) Order 1958 ("**COBO**"), however, this prospectus may be circulated in Jersey by the Dealer pursuant to COBO on the basis that this offer is "valid in the United Kingdom" and that the Issuer does not have a "relevant connection" with Jersey, or that the offer does not constitute an offer to the public, as such terms are defined in COBO.

General

The Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Trustee and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Trustee or any of the Dealers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Final Terms.

GENERAL INFORMATION IN RELATION TO ALL NOTES

Authorisation

The establishment of the £2,000,000,000 Impala Bonds Programme (the "**Programme**") and its update and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 13 July 2017. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Listing and Admission to Trading

This document has been approved by the FCA as a base prospectus in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Application has also been made for the Notes to be admitted during the twelve months after the date hereof to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange. Application may also be made for the Notes issued under the Programme to be admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (including, without limitation the Regulated Market of Nasdaq Stockholm AB ("**Nasdaq Stockholm**"), the Regulated Market of the Nordic Growth Market NGM AB ("**NDX**"), the Regulated Market of Nasdaq Helsinki Oy ("**Nasdaq Helsinki**") and the Securitised Derivative Exchange of the Borsa Italiana S.p.A ("**Borsa Ialiana**")). A21

Documents Available

So long as any of the Notes are outstanding and throughout the life of the Programme, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London: A11.14

(i) the Memorandum and Articles of Association of the Issuer;

(ii) the audited consolidated annual financial statements of the Issuer in respect of the financial years ended 31 March 2017 and 31 March 2016, together with the auditor's reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;

(iii) the Programme Agreement, the Trust Deed, the Agency Agreement the Nordic Agency Agreement, the Italian Agency Agreement, the Computershare Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(iv) a copy of this Base Prospectus;

(v) a copy of the Impala Bonds Programme Base Prospectus dated 20 July 2016 and the supplemental prospectus dated 9 December 2016 and 12 July 2017;

(vi) a copy of the Impala Bonds Programme Base Prospectus dated 21 July 2015 and the supplemental prospectus dated 9 December 2015 and 14 July 2016;

(vii) a copy of the Impala Bonds Programme Base Prospectus dated 22 July 2014 and the supplemental prospectuses dated 15 August, 2014, 2 December 2014 and 10 July 2015;

(viii) a copy of the Impala Structured Notes Programme Base Prospectus dated 23 July 2013 and the supplemental prospectuses dated 3 December 2013, 3 January 2014, 24 April 2014 and 11 July 2014;

(ix) any future offering circulars, prospectuses, information memoranda and supplements including, free of charge, Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(x) in the case of each issue of Notes admitted to trading on the Regulated Market of the London Stock Exchange (or any other relevant stock exchange) subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

Bearer Notes and Registered Notes

The Notes (other than Uncertificated Registered Notes, Nordic Notes and Italian Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The relevant ISIN and Common Code will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Uncertificated Registered Notes

The Uncertificated Registered Notes are participating securities for the purposes of the Regulations. The Operator is in charge of maintaining the Operator register of corporate securities. Title to the Uncertificated Registered Notes is recorded and will pass on registration in the Operator register of corporate securities. As at the date of this Base Prospectus, the relevant Operator for the purposes of the Regulations Euroclear UK and Ireland.

The address of Euroclear UK and Ireland is Watling House, 33 Cannon St, London EC4M 5SB, United Kingdom.

Nordic Notes

Nordic Notes will be issued in uncertificated and dematerialised book-entry form with Euroclear Sweden AB or Euroclear Finland Oy in accordance with the relevant NCSD Rules. No physical notes, certificates or other physical instruments (whether in global, temporary or definitive form) will be issued in respect of the Nordic Notes other than as specifically allowed in the Conditions. All transactions relating to the Nordic Notes (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised book-entry registrations. Consequently, in order to effect such entries holders must establish a book-entry account through a credit institution or a securities firm acting as an account operator with the relevant NCSD.

Euroclear Sweden AB is a subsidiary within the Euroclear group of companies. It is authorised and regulated by the Swedish Financial Supervisory Authority as a central securities depository within the meaning of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479) *lagen om värdepapperscentraler och kontoföring av finansiella instrument*), as amended, and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528 (as amended)). The address of Euroclear Sweden AB is Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden.

Euroclear Finland Oy is a Finnish private limited liability company which manages account operations and clearing activities for the Finnish financial market. Euroclear Finland is an authorised central securities depositary pursuant to the Finnish Act on Book-Entry Securities System and Clearing Operations (Fi.: *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 19.6.2017/348), as amended, and is acting under the supervision of the Finnish Financial Supervisory Authority (Fi.: *Finanssivalvonta*). Euroclear Finland is owned by Euroclear SA/NV and a subsidiary within the Euroclear group of companies. The address of Euroclear Finland Oy is Urho Kekkosen katu 5, FI-00100 Helsinki, Finland.

Italian Notes

Italian Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by the Italian CSD for the account of the relevant Monte Titoli Accountholders.

"**Monte Titoli Accountholders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

The Italian CSD opens specific securities accounts in order to record the centralised financial instruments: (i) accounts are opened in the name of each issuer, each of which shall be subdivided into as many sub-accounts as the number of the issues of centralised financial instruments; and (ii) accounts are opened in the name of each intermediary – distinct own accounts and "third party" accounts – each of which shall be subdivided into sub-accounts for each type of centralised financial instrument.

Italian Notes held through the Italian CSD are freely transferable by way of book entry in the accounts registered on the settlement system of the Italian CSD. All such transfers must be carried out in accordance with the requirements of the Italian Financial Services Act and in accordance with the rules of the Italian CSD. Any transfers failing to comply with such requirements shall be ineffective.

The Noteholders are not entitled to receive physical delivery of the Italian Notes. However, the Noteholders may request the relevant intermediaries for certification pursuant to Article 83-*quinquies* and 83-*sexies* of the Italian Financial Services Act.

The registered office and principal place of business of Monte Titoli S.p.A. is Piazza degli Affari 6, 20123 Milan, Italy.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and its group since 31 March 2017, being the end of the most recent financial period for which it has published financial statements.

There has been no material adverse change in the prospects of the Issuer since the financial year ended 31 March 2017, the most recent financial year for which it has published audited financial statements.

Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Base Prospectus which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer and/or its group.

Auditors

The audited consolidated financial statements of the Issuer for the financial years ended 31 March 2016 and 31 March 2017 have been audited without qualification by Ernst & Young LLP, chartered accountants registered auditors and independent auditors whose address is 25 Churchill Place, Canary Wharf, London E14 5EY.

Post-issuance information

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

Dealers transacting with the Issuer

The Dealers from time to time appointed under the Programme and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business.

Yield

In relation to each Tranche of Notes, the indication of yield (if any) referred to in the applicable Final Terms will be calculated at the Issue Date of such Tranche on the basis of the Issue Price of such Tranche. This is not an indication of future yield.

PART B – EQUITY LINKED NOTES/INDEX LINKED NOTES/DUAL UNDERLYING LINKED NOTES

FURTHER INFORMATION RELATING TO EQUITY LINKED NOTES/INDEX LINKED NOTES/DUAL UNDERLYING LINKED NOTES

Under the Programme, the Issuer may from time to time issue Equity Linked Notes, Index Linked Notes or Dual Underlying Linked Notes, being Notes in relation to which the interest payable and/or redemption amount payable at maturity is determined by reference to the performance of a single share, a basket of Shares, an index or a basket of indices or a combination of two such underlyings over a defined period, as may be specified in the applicable Final Terms of each Series of Notes.

This Part provides information in relation to such Equity Linked Notes, Index Linked Notes, and Dual Underlying Linked Notes including terms for the Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes and information in relation to the following types of Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes that may be issued:

1. Kick Out Notes with Capital at Risk;
2. Kick Out Notes without Capital at Risk;
3. Phoenix Kick Out Notes with Capital at Risk;
4. Upside Notes with Capital at Risk;
5. Upside Notes without Capital at Risk;
6. Geared Booster Notes with Capital at Risk;
7. Lock-In Call Notes with Capital at Risk;
8. N Barrier (Income) Notes with Capital at Risk;
9. Range Accrual (Income) Notes with Capital at Risk;
10. Range Accrual (Income) Notes without Capital at Risk;
11. Reverse Convertible Notes with Capital at Risk;
12. Dual Underlying Kick Out Notes with Capital at Risk; and
13. Dual Underlying Upside Notes with Capital at Risk.

This Part should be read together with Part A of this Base Prospectus.

Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes

If the Notes are specified in the relevant Final Terms as being one of the types of **Equity Linked** or **Index Linked** or **Dual Underlying Linked Notes** listed above, the Conditions applicable to the Notes shall be supplemented by the terms (the "**Terms**") for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes as set out below.

In the event of any inconsistency between any of these Terms and the Conditions, or any statement in or incorporated by reference into the Base Prospectus, the Terms will prevail for the purposes of the Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes. In the event of any inconsistency between any of these Terms and the Final Terms in relation to the Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes, the Final Terms shall prevail.

Redemption Provisions

The Notes will also be subject to a set of redemption provisions ("**Redemption Provisions**") relating to the type of Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes being issued, as specified in the applicable Final Terms. Such Redemption Provisions shall be included in and form part of the Terms of the Notes. The Redemption Provisions will govern the amount payable upon redemption of the Notes (and, in relation to Phoenix Kick Out Notes with Capital at Risk, N-Barrier (Income) Notes with Capital at Risk, Range Accrual (Income) Notes with Capital at Risk and Range Accrual (Income) Notes without Capital at Risk, any amounts payable during the term of such Notes).

The Final Terms will also contain certain elections required to be completed for the relevant Redemption Provisions.

Equity Linked Notes issued under the Programme may have a redemption amount which is linked to a **single share (which may be a share in an exchange traded fund (an "ETF"),** or a **basket of shares (which may be ETF shares)** in accordance with the provisions set out below.

Equity Linked Notes may also be cash settled in accordance with the Redemption Provisions. However, "**Equity Linked Physical Settlement**" may be specified in relation to Equity Linked Notes, in which case, instead of receiving a cash amount calculated in accordance with the relevant set of Redemption Provisions, on redemption of the Notes at maturity or on in the event of a kick out, Noteholders will receive an amount of the underlying shares.

Equity Linked Notes may instead specify "**Downside Only Physical Settlement**". If Downside Only Physical Settlement is specified, then the Notes will be physically settled only if the performance of the Underlying fails to meet certain conditions. If such conditions are not met, the Notes will be cash settled in accordance with the relevant Redemption Provisions.

If the "Worst of" feature (as further described below) is applicable in respect of the determination of the final performance of a basket of shares and such Equity Linked Notes are physically settled investors will receive a number of the worst performing shares in the basket (*plus* a cash amount in place of any fractional amount of shares) only, rather than receiving a number of each of the shares contained in the basket (*plus* a cash amount in place of any fractional amount of shares), in proportion to the weighting of such share in the basket.

Index Linked Notes issued under the Programme may have a redemption amount which is linked to an **index,** or a **basket of indices** in accordance with the provisions set out below.

Dual Underlying Linked Notes issued under the Programme may have a redemption amount which is linked to two separate underlyings, which will be any combination of **one or more single indices, one or more single shares, one or more baskets of indices or one or more baskets of shares** in accordance with the provisions set out below.

In addition, Notes may (i) bear interest in an amount which is linked to shares or a basket of shares, an index or a basket of indices in accordance with the provisions set out below and/or (ii) bear interest at a fixed rate or floating rate in accordance with Condition 4 (*Interest*). Alternatively the Notes may not bear interest.

The Terms of Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes may include one or any of the provisions set out below (or any combination thereof), as specified in the applicable Final Terms.

Risk Factors in relation to the Equity Linked Notes/ Index Linked Notes/Dual Underlying Linked Notes

An investment in Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes involves risks. For the risks involved, please see the section entitled "*Risk Factors*" set out in Part A of this Base Prospectus and in particular the section entitled "*Risk Factors related to Equity Linked/Index Linked/Dual Underlying Linked Notes*".

REDEMPTION PROVISIONS IN RESPECT OF THE EQUITY LINKED NOTES/INDEX LINKED NOTES/DUAL UNDERLYING LINKED NOTES

For ease of reference each set of redemption provisions assumes that the "underlying" is a single Share (or, in the case of Dual Underlying Linked Notes, all "underlyings" are single Shares). However, the redemption provisions in paragraphs 1, 2, 3, 5, 6, 7, 9, 10 and 11 apply to Notes linked to a single Index, a Basket of Indices or a Basket of Shares in the same manner as to Notes linked to a single Share. The redemption provisions in paragraphs 4 and 8 (in respect of Dual Underlying Linked Notes) apply equally in respect of any combination of equity or index underlyings. Consequently, in these paragraphs, where applicable, references to "Share" shall be construed as references to "Index", "Basket of Shares" or "Basket of Indices", references to "Price" shall be construed as references to "Level" in respect of a single Index or a Basket of Indices and "Value" in respect of a Basket of Shares, references to "Initial Share Price" shall be construed as references to "Initial Value" in respect of a Basket of Shares, "Initial Index Level" in respect of a single Index or a Basket of Indices and references to "Final Share Price" shall be construed as references to "Final Value" in respect of a Basket of Shares, "Final Index Level" in respect of a single Index or a Basket of Indices.

It should be noted that, in relation to any Equity Linked Notes to which "Equity Linked Physical Settlement" is applicable, or "Downside Only Physical Settlement" is applicable and a downside return is calculated in respect of the Notes pursuant to the relevant Redemption Provisions, the Issuer's obligation to redeem the Notes at the Final Redemption Amount or Automatic Early Redemption Amount (as applicable) shall instead be satisfied by the delivery of shares under Term 7 (Physical Delivery) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes.

1. **Kick Out Notes with Capital at Risk.**

A. ***Further Information relating to Kick Out Notes with Capital at Risk.***

The Kick Out Notes with Capital at Risk are Equity Linked Notes or Index Linked Notes (as applicable). The return that an investor receives in relation to Kick Out Notes with Capital at Risk whether as an Automatic Early Redemption Amount or the Final Redemption Amount, is linked to the performance of an underlying Share or a Basket of Shares, or an underlying Index or Basket of Indices as specified in the applicable Final Terms, which in certain circumstances can result in the investor receiving a return that is less than par.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and market examples relating to Kick Out Notes with Capital at Risk can be found at pages 81 to 91 of the Base Prospectus.

B. ***Formulae for determination of Redemption Amounts and other optional provisions relating to Kick Out Notes with Capital at Risk***

Automatic Early Redemption Amount

The Notes will be automatically redeemed if on any Automatic Early Redemption Valuation Date specified in the applicable Final Terms, the performance of the Share (as calculated in accordance with the provisions of the applicable Final Terms) is greater than the relevant Automatic Early Redemption Threshold specific to that Automatic Early Redemption Valuation Date, (an "**Automatic Early Redemption Event**").

If the Calculation Agent determines that an Automatic Early Redemption Event has occurred the Automatic Early Redemption Amount relevant to the Automatic Early Redemption Valuation Date (or if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes) will become payable (or deliverable, as applicable) on the immediately following Automatic Early Redemption Date. For the avoidance of doubt, there may be multiple Automatic Early Redemption Valuation Dates specified in the applicable Final Terms and an Automatic Early Redemption Event may occur on any such date.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) *of* the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

(a) if the Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold (and, where Capital Downside is specified to be applicable, either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the Downside Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold) either:

(i) if Digital Return is specified as being applicable in the Final Terms:

Specified Denomination x Digital Return x FX Factor 1

OR

(ii) if Upside Return is specified as being applicable in the Final Terms

$$\text{Specified Denomination x } \left[100\% + \text{Max}\left\{0, \text{Min}\left(\text{Cap}, \text{Gearing 1 x } \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\}\right] \text{ x FX Factor 1}$$

(b) where a Barrier Condition is specified, if (X) the Final Price is less than or equal to the Return Threshold and (Y) the Barrier Condition is satisfied (or, if "**Capital Downside**" is applicable, the Barrier Condition is not satisfied but the Downside Final Price is greater than the Return Threshold):

Specified Denomination x 100% x FX Factor 1

(c) Where "**Capital Downside**" is specified to be applicable, if the Final Price is (X) where a Barrier Condition is specified greater than, or (Y) where no Barrier Condition is specified, greater than or equal, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Downside Final Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Return Threshold, either:

(i) if Downside Return 1 and Digital Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x } \left[\text{Digital Return} + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x } \left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right] \text{ x FX Factor 1}$$

OR

(ii) if Downside Return 2 and Digital Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x } \left[\text{Digital Return} + \text{Min}\left\{0, \text{Max}\left(\begin{array}{c}\text{Gearing 2 x (Lower Strike} - \text{Upper Strike),} \\ \text{Gearing 2 x } \left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\end{array}\right)\right\}\right] \text{ x FX Factor 1}$$

OR

(iii) if Downside Return 1 and Upside Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[\begin{array}{c}100\% + \text{Max}\left\{0, \text{Min}\left(\text{Cap}, \text{Gearing 1 x}\left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\} \\ +\text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x}\left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\end{array}\right]\text{x FX Factor 1}$$

OR

(iv) if Downside Return 2 and Upside Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Max}\left\{0, \text{Min}\left(\text{Cap}, \text{Gearing 1 x}\left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\} + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x (Lower Strike} - \text{Upper Strike)}, \text{Gearing 2 x}\left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

(d) if (i) the Final Price is (X) where a Barrier Condition is specified less than or equal to, or (Y) where no Barrier Condition is specified, less than, the Return Threshold and (ii) the Barrier Condition (if any) is not satisfied (and, where, Capital Downside is specified to be applicable the Downside Final Price is (X) where a Barrier Condition is specified, less than or equal to, and (Y) where no Barrier Condition is specified, less than, the Return Threshold), either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes); or

(ii) otherwise:

(A) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x}\left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

OR

(B) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x (Lower Strike} - \text{Upper Strike)}, \text{Gearing 2 x}\left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

(provided that, if any of Cap, Gearing 1, Gearing 2 or FX Factor 1 are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited and Gearing 1, Gearing 2 and/or FX Factor 1 (as applicable) shall be 100 per cent.).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation

Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Digital Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Downside Final Price**" means the Downside Final Share Price, *provided that* where "Capital Downside" is specified in the applicable Final Terms as being "Not Applicable", the Downside Final Price shall be the Final Price;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Price**" means the Final Share Price;

"**FX Factor 1**", if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms;

"**Strike Percentage**" or "**Z**" means *n* per cent., as specified in the applicable Final Terms, or if no such percentage is specified, means 100 per cent.;

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms; and

"**Upside Return**", if applicable, means a return determined in accordance with the provisions above.

2. **Kick Out Notes without Capital at Risk**

A. ***Further Information relating to Kick Out Notes without Capital at Risk***

Kick Out Notes without Capital at Risk are Equity Linked Notes/Index Linked Notes. The return that an investor receives in relation to Kick Out Notes without Capital at Risk whether as an Automatic Early Redemption Amount or the Final Redemption Amount, is linked to the performance of an underlying Share or a Basket of Shares, or an underlying Index or Basket of Indices, as specified in the applicable Final Terms.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Kick Out Notes without Capital at Risk can be found at pages 92 to 95 of the Base Prospectus.

B. ***Formulae for determination of Redemption Amounts relating to Kick Out Notes without Capital at Risk***

Automatic Early Redemption Amount

The Notes will be automatically redeemed if on any Automatic Early Redemption Valuation Date specified in the applicable Final Terms, the performance of the Share (as calculated in accordance with the provisions of the applicable Final Terms) is greater than the relevant Automatic Early Redemption Threshold specific to that Automatic Early Redemption Valuation Date, (an "**Automatic Early Redemption Event**").

If the Calculation Agent determines that an Automatic Early Redemption Event has occurred, the Automatic Early Redemption Amount relevant to the Automatic Early Redemption Valuation Date will become payable on the immediately following Automatic Early Redemption Date. For the avoidance of doubt, there may be multiple Automatic Early Redemption Valuation Dates specified in the applicable Final Terms and an Automatic Early Redemption Event may occur on any such date.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of a Note on its Maturity Date shall be determined by the Calculation Agent as:

(a) if the Final Price is greater than the Return Threshold, either:

(i) if Digital Return is specified as being applicable in the Final Terms:

Specified Denomination x Digital Return

OR

(ii) if Upside Return is specified as being applicable in the Final Terms

$$\text{Specified Denomination x}\left[100\% + \text{Max}\left\{0, \quad \text{Min}\left(\text{Cap, Gearing 1 x}\left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\}\text{ x FX Factor 1}\right]$$

(b) if the Final Price is less than or equal to the Return Threshold:

Specified Denomination x 100%

(provided that, if any of Cap, Gearing 1 or FX Factor 1 are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited and Gearing 1 and/or FX Factor 1 shall be 100 per cent.).

Where:

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Digital Return**", if applicable, means *n* per cent. as specified in the applicable Final Terms;

"**Final Price**" means the Final Share Price;

"**FX Factor 1**", if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Minimum Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms; and

"**Strike Percentage**" or "**Z**" means *n* per cent., as specified in the applicable Final Terms, or if no such percentage is specified, means 100 per cent.;

"**Upside Return**", if applicable, means a return determined in accordance with the provisions above.

3. **Phoenix Kick Out Notes with Capital at Risk**

A. ***Further Information relating to Kick Out Notes with Capital at Risk.***

Phoenix Kick Out Notes with Capital at Risk are Equity Linked Notes or Index Linked Notes (as applicable) in relation to which an Interest Amount may be payable if the performance of the underlying Share or Basket of Shares, as specified in the applicable Final Terms, fulfils certain conditions described below and set out in the applicable Final Terms. The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

The return that an investor receives in relation to Phoenix Kick Out Notes with Capital at Risk, whether as an Automatic Early Redemption Amount or the Final Redemption Amount, is linked to the performance of an underlying Share or a Basket of Shares, or an underlying Index or Basket of Indices as specified in the applicable Final Terms, which in certain circumstances can result in the investor receiving a return that is less than par.

A description of the potential payouts and market examples relating to Phoenix Kick Out Notes with Capital at Risk can be found at pages 96 to 100 of the Base Prospectus.

B. ***Formulae for determination of Interest Amount relating to Phoenix Kick Out Notes with Capital at Risk***

Underlying Linked Interest Amount

Whether or not one or more Interest Amount Event(s) occurs in respect of the Notes depends upon the performance of the Share (as calculated in accordance with the provisions specified in the applicable Final Terms) as compared to one or more relevant Interest Amount Conditions specified in the applicable Final Terms, as determined by the Calculation Agent.

An "**Interest Amount Event**" will occur in relation to any Interest Payment Date if on any Interest Valuation Date, during any Interest Averaging Period, during any Interest Observation Period or on each and every Interest Observation Date, in each case relating to such Interest Payment Date, the performance of the Share (as calculated in accordance with the provisions specified in the applicable Final Terms) meets the relevant Interest Amount Condition applicable to that Interest Valuation Date, that Interest Averaging Period, that Interest Observation Period or those Interest Observation Dates.

If the Calculation Agent determines that an Interest Amount Event has occurred, the Interest Amount relevant to the particular Interest Amount Condition satisfied will become payable.

If the "**Memory Feature Provisions**" are specified as being applicable in the applicable Final Terms, if the Calculation Agent determines that an Interest Amount Event has occurred in relation to an Interest Payment Date, then, if an Interest Amount Event did not occur in relation to any Interest Period prior to such Interest Amount Event (but subsequent to any previous Interest Amount Event), the Missed Interest Amounts in respect of any such Interest Period will become payable on such Interest Payment Date.

"**Interest Amount**" means the amount specified in the applicable Final Terms;

"**Interest Amount Threshold**" means *n* per cent. of the Initial Share Price;

"**Interest Amount Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than the Interest Amount Threshold on the Interest Valuation Date, or, if Interest Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Interest Averaging Date is greater than the Interest Amount Threshold, as specified in the applicable Final Terms;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than the Interest Amount Threshold during the Interest Observation Period as specified in the applicable Final Terms; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than the Interest Amount Threshold on each and every Interest Observation Date as specified in the applicable Final Terms,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of Interest Amount, in which case the price shall be monitored at all times on such date(s);

"**Missed Interest Amounts**" means any Interest Amounts that would have become payable in relation to an Interest Period but for the fact that an Interest Amount Event did not occur in respect of such Interest Period.

C. ***Formulae for determination of Redemption Amounts and other optional provisions relating to Phoenix Kick Out Notes with Capital at Risk***

Automatic Early Redemption Amount

The Notes will be automatically redeemed if on any Automatic Early Redemption Valuation Date specified in the applicable Final Terms, the performance of the Share (as calculated in accordance with the provisions of the applicable Final Terms) is greater than the relevant Automatic Early Redemption Threshold specific to that Automatic Early Redemption Valuation Date, (an "**Automatic Early Redemption Event**").

If the Calculation Agent determines that an Automatic Early Redemption Event has occurred the Automatic Early Redemption Amount relevant to the Automatic Early Redemption Valuation Date (or if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) *of* the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes) will become payable (or deliverable, as applicable) on the immediately following Automatic Early Redemption Date. For the avoidance of doubt, there may be multiple Automatic Early Redemption Valuation Dates specified in the applicable Final Terms and an Automatic Early Redemption Event may occur on any such date.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

(a) if the Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold:

Specified Denomination x Digital Return x FX Factor 1

(b) where a Barrier Condition is specified, if (X) the Barrier Condition is satisfied and (Y) the Final Price is less than or equal to the Return Threshold:

Specified Denomination x 100% x FX Factor 1

(c) if (X) where a Barrier Condition is specified, (i) the Barrier Condition is not satisfied, and (ii) the Final Price is less than or equal to the Return Threshold, or (Y) where no Barrier Condition is specified the Final Price is less than the Return Threshold, either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes); or

(ii) otherwise:

$$\text{Specified Denomination x } \left[100\% + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 1 x } \left(\frac{\text{FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right] \text{ x FX Factor 1}$$

(provided that, if Gearing 1 or FX Factor 1 is specified as being "Not Applicable" in the Final Terms, Gearing 1 and/or FX Factor 1 shall be 100 per cent.).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) **American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Digital Return**" means *n* per cent., as specified in the applicable Final Terms;

"**Final Price**" means the Final Share Price;

"**FX Factor 1**", if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price; and

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms.

4. **Upside Notes with Capital at Risk**

A. ***Further Information relating to Upside Notes with Capital at Risk***

Upside Notes with Capital at Risk are Equity Linked Notes/Index Linked Notes. The return that an investor receives in relation to Upside Notes with Capital at Risk is linked to the performance of an underlying Share or a Basket of Shares, or an underlying Index or Basket of Indices, as specified in the applicable Final Terms.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Upside Notes with Capital at Risk can be found at pages 101 to 111 of the Base Prospectus.

B. ***Formula for determination of the Final Redemption Amount and other optional provisions relating to Upside Notes with Capital at Risk***

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) *of* the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

(a) if the Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold (and, where Capital Downside is specified to be applicable, either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the Downside Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold either:

(i) if Digital Return is specified as being applicable in the Final Terms:

Specified Denomination x Digital Return x Return Factor x FX Factor 1

OR

(ii) if Upside Return is specified as being applicable in the Final Terms

$$\text{Specified Denomination x}\left[\text{Return Factor x FX Factor 1} + \text{Max}\left\{\text{Minimum Return, Min}\left(\text{Cap, Gearing 1 x}\left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\}\text{x FX Factor 2}\right]$$

(b) where a Barrier Condition is specified, if (X) the Final Price is less than or equal to the Return Threshold and (Y) the Barrier Condition is satisfied (or, if "**Capital Downside**" is applicable, the Barrier Condition is not satisfied but the Downside Final Price is greater than the Return Threshold):

Specified Denomination x Return Factor x FX Factor 1

(c) Where "**Capital Downside**" is specified to be applicable, if the Final Price is (X) where a Barrier Condition is specified greater than, or (Y) where no Barrier Condition is specified, greater than or equal, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Downside Final Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Return Threshold, either:

(i) if Downside Return 1 and Digital Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x } \left[\text{Digital Return} + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x } \left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right] \text{ x FX Factor 1}$$

OR

(ii) if Downside Return 2 and Digital Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x } \left[\text{Digital Return} + \text{Min}\left\{0, \text{Max}\left(\begin{array}{c}\text{Gearing 2 x (Lower Strike} - \text{Upper Strike),} \\ \text{Gearing 2 x } \left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\end{array}\right)\right\}\right] \text{ x FX Factor 1}$$

OR

(iii) if Downside Return 1 and Upside Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x } \left[100\% + \text{Max}\left\{\text{Minimum Return, Min}\left(\text{Cap, Gearing 1 x } \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\} \text{ x FX Factor 2} + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x } \left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right] \text{ x FX Factor 1}$$

OR

(iv) if Downside Return 2 and Upside Return are specified as being applicable in the Final Terms:

$$\text{Specified Denomination x } \left[100\% + \text{Max}\left\{\text{Minimum Return, Min}\left(\text{Cap, Gearing 1 x } \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\} \text{ x FX Factor 2} + \text{Min}\left\{0, \text{Max}\left(\begin{array}{c}\text{Gearing 2 x (Lower Strike} - \text{Upper Strike),} \\ \text{Gearing 2 x } \left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\end{array}\right)\right\}\right] \text{ x FX Factor 1}$$

(d) if (i) the Final Price is (X) where a Barrier Condition is specified less than or equal to, or (Y) where no Barrier Condition is specified, less than, the Return Threshold and (ii) the Barrier Condition (if any) is not satisfied (and, where, Capital Downside is specified to be applicable the Downside Final Price is (X) where a Barrier Condition is specified, less than or equal to, and (Y) where no Barrier Condition is specified, less than, the Return Threshold), either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes); or

(ii) otherwise:

(A) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 2 x}\left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right]\text{ x FX Factor 1}$$

OR

(B) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Min}\left\{0, \text{Max}\left(\begin{array}{c}\text{Gearing 2 x (Lower Strike} - \text{Upper Strike)},\\ \text{Gearing 2 x}\left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\end{array}\right)\right\}\right]\text{ x FX Factor 1}$$

(provided that, if any of Cap, Gearing 1, Gearing 2, Return Factor, FX Factor 1, FX Factor 2 and/or Minimum Return are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited, Gearing 1, Gearing 2, Return Factor, FX Factor 1 and/or FX Factor 2 (as applicable) shall be 100 per cent. and the Minimum Return shall be zero).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Digital Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Downside Final Price**" means the Downside Final Share Price, *provided that* where "Capital Downside" is specified in the applicable Final Terms as being "Not Applicable", the Downside Final Price shall be the Final Price;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Price**" means the Final Share Price;

"**FX Factor 1**", if applicable, means the FX Factor specified as such in the Final Terms;

"**FX Factor 2**", if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Minimum Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Factor**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms;

"**Strike Percentage**" or "**Z**" means *n* per cent., as specified in the applicable Final Terms, or if no such percentage is specified, means 100 per cent.;

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms; and

"**Upside Return**", if applicable, means a return determined in accordance with the provisions above.

5. **Upside Notes without Capital at Risk**

A. ***Further Information relating to Upside Notes without Capital at Risk***

Upside Notes without Capital at Risk are Equity Linked Notes/Index Linked Notes. The return that an investor receives in relation to Upside Notes without Capital at Risk is linked to the performance of an underlying Share or a Basket of Shares, or an underlying Index or Basket of Indices, as specified in the applicable Final Terms.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Upside Notes without Capital at Risk can be found at pages 112 to 114 of the Base Prospectus.

B. ***Formula for determination of the Final Redemption Amount and other optional provisions relating to Upside Notes without Capital at Risk***

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of a Note on its Maturity Date shall be determined by the Calculation Agent in accordance with the following formula:

(a) if the Final Price is greater than the Return Threshold:

(i) if Digital Return is specified as being applicable in the Final Terms:

Specified Denomination x Digital Return

OR

(ii) if Upside Return is specified as being applicable in the Final Terms

$$\text{Specified Denomination x } \left[100\% + \text{Max}\left\{\text{Minimum Return, Min}\left(\text{Cap, Gearing 1 x } \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - 2\right)\right)\right\} \text{x FX Factor 1}\right]$$

(b) if the Final Price is less than or equal to the Return Threshold:

Specified Denomination x (100% + Minimum Return x FX Factor 1)

(provided that, if any of Cap, Gearing 1, FX Factor 1 and/or Minimum Return are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited, Gearing 1 and/or FX Factor 1 (as applicable) shall be 100 per cent. and Minimum Return shall be zero).

Where:

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Digital Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Final Price**" means the Final Share Price, in case of Shares and Final Value, in case of a Basket;

"**FX Factor 1**", if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price, in case of Shares, and Initial Value, in case of a Basket;

"**Minimum Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms;

"**Strike Percentage**" or "**Z**" means *n* per cent., as specified in the applicable Final Terms, or if no such percentage is specified, means 100 per cent.; and

"**Upside Return**", if applicable, means a return determined in accordance with the provisions above.

6. **Geared Booster Notes with Capital at Risk**

A. ***Further Information relating to Geared Booster Notes with Capital at Risk***

Geared Booster Notes with Capital at Risk are Equity Linked Notes/Index Linked Notes. The return that an investor receives in relation to Geared Booster Notes with Capital at Risk is linked to the performance of an underlying Share or a Basket of Shares, or an underlying Index or Basket of Indices, as specified in the applicable Final Terms.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Geared Booster Notes with Capital at Risk can be found at pages 115 to 120 of the Base Prospectus.

B. ***Formula for determination of the Final Redemption Amount and other optional provisions relating to Geared Booster Notes with Capital at Risk***

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) *of* the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

(a) if the Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold (and, where Capital Downside is specified to be applicable, either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the Downside Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold:

$$\text{Specified Denomination x}\left[\text{Return Factor x FX Factor 1} + \text{Gearing 1 x Max}\left\{0, \text{Min}\left(\text{Cap}, \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\}\text{x FX Factor 2} + \text{Gearing 2 x Max}\left\{0, \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{K}\right)\right\}\text{x FX Factor 3}\right]$$

(b) where a Barrier Condition is specified, if (X) the Final Price is less than or equal to the Return Threshold and (Y) the Barrier Condition is satisfied (or, if "**Capital Downside**" is applicable, the Barrier Condition is not satisfied but the Downside Final Price is greater than the Return Threshold):

Specified Denomination x Return Factor x FX Factor 1

(c) Where "**Capital Downside**" is specified to be applicable, if the Final Price is (X) where a Barrier Condition is specified greater than, or (Y) where no Barrier Condition is specified, greater than or equal, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Downside Final Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Return Threshold:

(i) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Gearing 1 x Max}\left\{0, \text{Min}\left(\text{Cap}, \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\}\text{x FX Factor 2} + \text{Gearing 2 x Max}\left\{0, \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{K}\right)\right\}\text{x FX Factor 3} + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 3 x}\left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

OR

(ii) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Gearing 1 x Max}\left\{0, \text{Min}\left(\text{Cap}, \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right)\right)\right\}\text{x FX Factor 2} + \text{Gearing 2 x Max}\left\{0, \left(\frac{\text{FinalPrice}}{\text{Initial Price}} - \text{K}\right)\right\}\text{x FX Factor 3} + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 3 x (Lower Strike} - \text{Upper Strike)}, \text{Gearing 3 x}\left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

(d) if (i) the Final Price is (X) where a Barrier Condition is specified less than or equal to, or (Y) where no Barrier Condition is specified, less than, the Return Threshold and (ii) the Barrier Condition (if any) is not satisfied (and, where, Capital Downside is specified to be applicable the Downside Final Price is (X) where a Barrier Condition is specified, less than or equal to, and (Y) where no Barrier Condition is specified, less than, the Return Threshold), either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes); or

(ii) otherwise:

(A) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 3 x}\left(\frac{\text{Downside FinalPrice} - \text{Initial Price}}{\text{Initial Price}}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

OR

(B) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination x}\left[100\% + \text{Min}\left\{0, \text{Max}\left(\text{Gearing 3 x (Lower Strike} - \text{Upper Strike)}, \text{Gearing 3 x}\left(\frac{\text{Downside FinalPrice}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\right)\right\}\right]\text{x FX Factor 1}$$

(provided that, if any of Cap, Gearing 1, Gearing 2, Gearing 3, Return Factor, FX Factor 1, FX Factor 2 or FX Factor 3 are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited and Gearing 1, Gearing 2, Gearing 3, Return Factor, FX Factor 1, FX Factor 2 and/or FX Factor 3 (as applicable) shall be 100 per cent.).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Downside Final Price**" means the Downside Final Share Price, *provided that* where "Capital Downside" is specified in the applicable Final Terms as being "Not Applicable", the Downside Final Price shall be the Final Price;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Price**" means the Final Share Price;

"**FX Factor 1**" if applicable, means the FX Factor specified as such in the Final Terms;

"**FX Factor 2**" if applicable, means the FX Factor specified as such in the Final Terms;

"**FX Factor 3**" if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 3**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Factor**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms;

"**Strike Percentage**" or "**Z**" means *n* per cent., as specified in the applicable Final Terms, or if no such percentage is specified, means 100 per cent.;

"**Upside Booster Threshold**", if applicable, means *n* per cent. of the Initial Price as specified in the applicable Final Terms; and

"**Upside Booster Strike Percentage**" or "**K**", if applicable, means *n* per cent. as specified in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

7. **Lock-In Call Notes with Capital at Risk**

A. ***Further Information relating to Lock-In Call Notes with Capital at Risk***

Lock-In Call Notes with Capital at Risk are Equity Linked Notes/Index Linked Notes. The return that an investor receives in relation to Upside Notes with Capital at Risk is linked to the performance of an underlying Share or a Basket, or an underlying Index or Basket of Indices, as specified in the applicable Final Terms.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Lock-In Call Notes with Capital at Risk can be found at pages 121 to 124 of the Base Prospectus.

B. ***Formula for determination of the Final Redemption Amount and other optional provisions relating to Lock-In Call Notes with Capital at Risk***

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity the Final Redemption Amount payable by the Issuer in respect of a Note shall be determined as follows:

(a) if either of the Final Price or the Lock In Price are greater than, the Return Threshold:

$$\text{Specified Denomination x}\left[\text{Return Factor x FX Factor 1} + \text{Gearing 1 x Max}\left\{0, \text{LockIn Value x LockIn Percentage}, \frac{\text{FinalPrice}}{\text{Initial Price}} - \text{Z}\right\}\text{ x FX Factor 2}\right]$$

(b) If both the Final Price and Lock In Price are less than or equal to the Return Threshold:

Specified Denomination x Return Factor x FX Factor 1

(provided that, if any of Gearing 1, Return Factor, FX Factor 1 or FX Factor 2 are specified as being "Not Applicable" in the Final Terms, Gearing 1, Return Factor, FX Factor 1 and/or FX Factor 2 (as applicable) shall be 100 per cent.).

Where:

"**Final Price**" means the Final Share Price;

"**FX Factor 1**" if applicable, means the FX Factor specified as such in the Final Terms;

"**FX Factor 2**" if applicable, means the FX Factor specified as such in the Final Terms;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lock-In Observation Dates**" means, as specified in the applicable Final Terms, either:

(i) each Exchange Business Day (or, in respect of a Basket, each Exchange Business Day which is an Exchange Business Day in respect of each Share or Index in the such Basket) from and including the "**Lock-In Observation Start Date**" specified in the applicable Final Terms to and including the "**Lock-In Observation End Date**" specified in the applicable Final Terms (the "**Lock-In Observation Period**"); or

(ii) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately following Scheduled Trading Day which is not already specified or deemed to be an Lock-In Observation Date;

"**Lock-In Percentage**", means *n* per cent., as specified in the applicable Final Terms;

"**Lock-In Price$_t$**" means, in relation to each Lock-In Observation Date, the Price of the Share at the Valuation Time on such Lock-In Observation Date;

"**Lock-In Performance**" with respect to each Lock-In Observation Date, means:

$$\frac{Lock - In\ Price_t}{Initial\ Price} - 1$$

"**Lock-In Performance MAX**" means the highest Lock-In Performance;

"**Lock-In Value**" means the Lock-In Performance MAX divided by the Lock-In Percentage, rounded down to the nearest integer:

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Minimum Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Factor**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms;

"**Strike Percentage**" or "**Z**" means *n* per cent., as specified in the applicable Final Terms, or if no such percentage is specified, means 100 per cent.; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

8. **N Barrier (Income) Notes with Capital at Risk**

A. ***Further Information relating to N Barrier (Income) Notes with Capital at Risk***

N Barrier (Income) Notes are Equity Linked Notes/Index Linked Notes in relation to which an Interest Amount will be payable if the performance of the underlying Share or Basket of Shares, or, as the case may be, the underlying Index or Basket of Indices, as specified in the applicable Final Terms, fulfils certain conditions described below and set out in the applicable Final Terms. The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

The Final Redemption Amount of the Notes will depend upon the performance of a Share or a Basket of Shares, or an Index or Basket of Indices, as specified in the applicable Final Terms.

A description of the potential payouts and worked examples relating to N Barrier (Income) Notes with Capital at Risk can be found at pages 125 to 129 of the Base Prospectus.

B. ***Formulae for determination of Interest Amount relating to N Barrier (Income) Notes with Capital at Risk***

Underlying Linked Interest Amount

Whether or not one or more Interest Amount Event(s) occurs in respect of the Notes depends upon the performance of the Share (as calculated in accordance with the provisions specified in the applicable Final Terms) as compared to one or more relevant Interest Amount Conditions specified in the applicable Final Terms, as determined by the Calculation Agent.

An "**Interest Amount Event**" will occur in relation to any Interest Payment Date if on any Interest Valuation Date, during any Interest Averaging Period, during any Interest Observation Period or on each and every Interest Observation Date, in each case relating to such Interest Payment Date, the performance of the Share (as calculated in accordance with the provisions specified in the applicable Final Terms) meets the relevant Interest Amount Condition applicable to that Interest Valuation Date, that Interest Averaging Period, that Interest Observation Period or those Interest Observation Dates.

If the Calculation Agent determines that an Interest Amount Event has occurred, the Interest Amount relevant to the particular Interest Amount Condition satisfied will become payable. The total amount payable will be the aggregate of each Interest Amount payable in respect of each Interest Period for which the relevant Interest Amount Condition is satisfied.

"**Interest Amount Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than the Interest Amount Threshold on the Interest Valuation Date, or, if Interest Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Interest Averaging Date is greater than the Interest Amount Threshold, as specified in the applicable Final Terms;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than the Interest Amount Threshold during the Interest Observation Period as specified in the applicable Final Terms; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than the Interest Amount Threshold on each and every Interest Observation Date as specified in the applicable Final Terms,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of Interest Amount, in which case the price shall be monitored at all times on such date(s);

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) *of* the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

(a) if the Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold:

Specified Denomination x Digital Return

(b) where a Barrier Condition is specified, if (X) the Barrier Condition is satisfied and (Y) the Final Price is less than or equal to the Return Threshold:

Specified Denomination x 100%

(c) if (X) where a Barrier Condition is specified, (i) the Barrier Condition is not satisfied, and (ii) the Final Price is less than or equal to the Return Threshold, or (Y) where no Barrier Condition is specified the Final Price is less than the Return Threshold, either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes); or

(ii) otherwise:

(A) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + \text{Min}\left(0, \text{Max}\left[\text{Gearing 1 x}\left(\frac{\text{(Final Price - Initial Price)}}{\text{Initial Price}}\right), -100\%\right]\right)\right)$$

OR

(B) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + \text{Min}\left(0\%, \text{Max}\left[\text{Gearing 1 x (Lower Strike - UpperStrike), Gearing 1 x}\left(\frac{\text{Final Price}}{\text{Initial Price}} - \text{Upper Strike}\right), -100\%\right]\right)\right)$$

(provided that, if Gearing 1 is specified as being "Not Applicable" in the Final Terms, Gearing 1 shall be 100 per cent.).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Digital Return**" means *n* per cent., as specified in the applicable Final Terms;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Price**" means the Final Share Price;

"**Gearing 1**", if applicable, means n per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

9. **Range Accrual (Income) Notes with Capital at Risk**

A. ***Further Information relating to Range Accrual (Income) Notes with Capital at Risk***

Range Accrual (Income) Notes with Capital at Risk are Equity Linked Notes or Index Linked Notes in relation to which an interest amount linked to the performance of the Underlying will be payable on Interest Payment Dates occurring at regular intervals throughout the life of the Notes. The Interest Amount that an investor in the Notes receives is linked to the performance of a Share or a Basket of Shares, or, as the case may be, an underlying Index or Basket of Indices, as specified in the applicable Final Terms and on how many actual days during the relevant Interest Period the applicable price, level or value remains within a range. The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

The Final Redemption Amount of the Notes will depend upon the performance of a Share or a Basket of Shares, or an Index or Basket of Indices, as specified in the applicable Final Terms.

A description of the potential payouts and worked examples relating to Range Accrual (Income) Notes with Capital at Risk can be found on pages 130 to 134 of the Base Prospectus.

B. ***Formulae for determination of Rate of Interest relating to Range Accrual (Income) Notes with Capital at Risk***

Rate of Interest

Interest determined in accordance with the below will be payable in respect of the Range Accrual (Income) Notes with Capital at Risk.

The Rate of Interest payable in respect of the Notes for any Interest Period shall be a rate determined by the Calculation Agent in accordance with the following formula:

Relevant Rate × Accrual Factor

Where the Relevant Rate is a floating rate, the amount of interest payable in respect of an Interest Payment Date shall be determined in accordance with Condition 4(b) (*Interest on Floating Rate Notes*), and where the Relevant Rate is a fixed rate shall be determined in accordance with Condition 4(a) (*Interest on Fixed Rate Notes*).

Where:

"**Accrual Factor**" is calculated as the actual number of Scheduled Trading Days during each Interest Period in which:

(a) the Price of Shares is greater than or equal to the Range Lower Level and less than or equal to the Range Upper Level (or, where "Worst of Provisions" or "Best of Provisions" are specified as applicable, the Price of the Worst Performing Share is greater than or equal to the Range Lower Level and the Price of the Best Performing Share is less than or equal to the Range Upper Level); or

(b) if Range Upper Level is specified as Not Applicable, the Price of Shares is greater than or equal to the Range Lower Level; or

(c) if Range Lower Level is specified as Not Applicable, the Price of Shares is less than or equal to the Range Upper Level;

in each case divided by the actual number of days during such Interest Period, **provided that** (i) for Scheduled Trading Days that are not Exchange Business Days, the Price of Shares shall be the same as the previous Exchange Business Day fixing, and (ii) the final fixing of the Price of Shares in the respective Interest Period will be as of the day that is five (5) Exchange Business Days prior to the respective Interest Payment Date and that day's fixing shall apply in respect of the remaining days of the respective Interest Period;

"**Relevant Rate**" shall be any of the fixed Rate of Interest specified in the Fixed Rate provisions of the applicable Final Terms, the Reference Rate specified in the Floating Rate or the relevant rate specified in the applicable Final Terms, as applicable (and calculated by the Calculation Agent in accordance with the terms and fixed on the dates specified therein);

"**Range Lower Level**" means *n* per cent. of the Initial Share Price as specified in the applicable Final Terms; and

"**Range Upper Level**" means *n* per cent. of the Initial Share Price as specified in the applicable Final Terms.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

if the Final Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold:

Specified Denomination x Digital Return

(a) where a Barrier Condition is specified, if (X) the Barrier Condition is satisfied and (Y) the Final Price is less than or equal to the Return Threshold:

Specified Denomination x 100%

(b) if (X) where a Barrier Condition is specified, (i) the Barrier Condition is not satisfied, and (ii) the Final Price is less than or equal to the Return Threshold, or (Y) where no Barrier Condition is specified the Final Price is less than the Return Threshold, either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes); or

(ii) otherwise:

(A) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + Min\left(0, \text{Max}\left[\text{Gearing 1 x}\left(\frac{\text{(Final Price - Initial Price)}}{\text{Initial Price}}\right), -100\%\right]\right)\right)$$

OR

(B) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + Min\left(0\%, \text{Max}\left[\text{Gearing 1 x (Lower Strike - UpperStrike), Gearing 1 x}\left(\frac{\text{Final Price}}{\text{Initial Price}} - Upper\ Strike\right), -100\%\right]\right)\right)$$

(provided that, if Gearing 1 is specified as being "Not Applicable" in the Final Terms, Gearing 1 shall be 100 per cent.).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Digital Return**" means *n* per cent., as specified in the applicable Final Terms;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Price**" means the Final Share Price;

"**Gearing 1**", if applicable, means n per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

10. **Range Accrual (Income) Notes without Capital at Risk**

A. ***Further Information relating to Range Accrual (Income) Notes without Capital at Risk***

Range Accrual (Income) Notes without Capital at Risk are Equity Linked Notes/Index Linked Notes in relation to which an interest amount linked to the performance of the Underlying will be payable on Interest Payment Dates occurring at regular intervals throughout the life of the Notes. The Interest Amount that an investor in the Notes receives is linked to the performance of a Share or a Basket of Shares, or, as the case may be, an underlying Index or Basket of Indices, as specified in the applicable Final Terms and on how many actual days during the relevant Interest Period the applicable price, level or value remains within a range. The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

The Final Redemption Amount of the Notes will depend upon the performance of a Share or a Basket of Shares, or an Index or Basket of Indices, as specified in the applicable Final Terms.

A description of the potential payouts and worked examples relating to Range Accrual (Income) Notes without Capital at Risk can be found at pages 135 to 137 of the Base Prospectus.

B. ***Formulae for determination of Rate of Interest relating to Range Accrual (Income) Notes without Capital at Risk***

Rate of Interest

Interest determined in accordance with the below will be payable in respect of the Range Accrual (Income) Notes without Capital at Risk.

The Rate of Interest payable in respect of the Notes for any Interest Period shall be a rate determined by the Calculation Agent in accordance with the following formula:

Relevant Rate × Accrual Factor

Where the Relevant Rate is a floating rate, the amount of interest payable in respect of an Interest Payment Date shall be determined in accordance with Condition 4(b) (*Interest on Floating Rate Notes*), and where the Relevant Rate is a fixed rate shall be determined in accordance with Condition 4(a) (*Interest on Fixed Rate Notes*).

Where:

"**Accrual Factor**" is calculated as the actual number of Scheduled Trading Days during each Interest Period in which:

(a) the Price of Shares is greater than or equal to the Range Lower Level and less than or equal to the Range Upper Level (or, where "Worst of Provisions" or "Best of Provisions" are specified as applicable, the Price of the Worst Performing Share is greater than or equal to the Range Lower Level and the Price of the Best Performing Share is less than or equal to the Range Upper Level); or

(b) if Range Upper Level is specified as Not Applicable, the Price of Shares is greater than or equal to the Range Lower Level; or

(c) if Range Lower Level is specified as Not Applicable, the Price of Shares is less than or equal to the Range Upper Level;

in each case divided by the actual number of days during such Interest Period, **provided that** (i) for Scheduled Trading Days that are not Exchange Business Days, the Price of Shares shall be the same as the previous Exchange Business Day fixing, and (ii) the final fixing of the Price of Shares in the respective Interest Period will be as of the day that is five (5) Exchange Business Days prior to the respective Interest Payment Date and that day's fixing shall apply in respect of the remaining days of the respective Interest Period;

"**Relevant Rate**" shall be any of the fixed Rate of Interest specified in the Fixed Rate provisions of the applicable Final Terms, the Reference Rate specified in the Floating Rate or the relevant rate specified in the applicable Final Terms, as applicable (and calculated by the calculation agent in accordance with the terms and fixed on the dates specified therein);

"**Range Lower Level**" means *n* per cent. of the Initial Share Price specified in the applicable Final Terms; and

"**Range Upper Level**" means *n* per cent. of the Initial Share Price specified in the applicable Final Terms.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of a Note on its Maturity Date shall be:

(a) if the Final Price is greater than the Return Threshold:

Specified Denomination x Digital Return

(b) if the Final Price is less than or equal to the Return Threshold:

Specified Denomination x 100%

Where:

"**Digital Return**" means *n* per cent., as specified in the applicable Final Terms;

"**Final Price**" means the Final Share Price;

"**Initial Price**" means the Initial Share Price; and

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms.

11. **Reverse Convertible Notes with Capital at Risk**

A. ***Further Information relating to Reverse Convertible Notes***

Reverse Convertible Notes with Capital at Risk are Equity Linked Notes/Index Linked Notes that are linked to the performance of a Share or Basket, or, as the case may be, an underlying Index or Basket of Indices, as specified in the applicable Final Terms. The Final Redemption Amount of the Notes will depend upon the performance of a Share or a Basket of Shares, or an Index or Basket of Indices, as specified in the applicable Final Terms.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Reverse Convertible Notes with Capital at Risk can be found at pages 138 to 142 of the Base Prospectus.

B. ***Formulae for Final Redemption Amount and other optional provisions relating to Reverse Convertible Equity Linked Notes/Index Linked Notes potentially***

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, on maturity (i) if "Equity Linked Physical Settlement" is applicable, a Share Transfer Amount calculated in accordance with Term 7 (*Physical Settlement*) *of* the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes shall be deliverable, or (ii) in any other case, the Final Redemption Amount payable (or Share Transfer Amount deliverable, as applicable) by the Issuer in respect of a Note shall be determined as follows:

(a) if (X) the Final Price is greater than or equal to the Return Threshold or (Y) where a Barrier Condition is specified, the Barrier Condition is satisfied:

Specified Denomination x 100%

(b) if (X) the Final Price is less than the Return Threshold, and (Y) where a Barrier Condition is specified, the Barrier Condition is not satisfied, either:

(i) if "**Downside Only Physical Settlement**" is applicable, a Share Transfer Amount (calculated in accordance with Term 7 (*Physical Settlement*) of the Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes; or

(ii) otherwise:

(A) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + \text{Min}\left(0, \text{Max}\left[\text{Gearing 1 x}\left(\frac{\text{(Final Price - Initial Price)}}{\text{Initial Price}}\right), -100\%\right]\right)\right)$$

OR

(B) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + \textit{Min}\left(0\%, \text{Max}\left[\text{Gearing 1 x (Lower Strike - UpperStrike), Gearing 1 x}\left(\frac{\text{Final Price}}{\text{Initial Price}} - \textit{Upper Strike}\right), -100\%\right]\right)\right)$$

(provided that, if Gearing 1 is specified as being "Not Applicable" in the Final Terms, Gearing 1 shall be 100 per cent.).

Where:

"**Barrier Condition**" means:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Share is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Price**" means the Final Share Price;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Price**" means the Initial Share Price;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms; and

"**Return Threshold**" means *n* per cent. of the Initial Price as specified in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

12. **Dual Underlying Kick Out Notes with Capital at Risk**

A. ***Further Information relating to Dual Underlying Kick Out Notes with Capital at Risk***

Dual Underlying Kick Out Notes with Capital at Risk are Dual Underlying Linked Notes.

The return that an investor receives in relation to Dual Underlying Kick Out Notes with Capital at Risk whether as an Automatic Early Redemption Amount or the Final Redemption Amount, is linked to the performance of two Underlyings, being any combination of single Shares, single Indices, Baskets of Indices and Baskets of Shares, as specified in the applicable Final Terms, which in certain circumstances can result in the investor receiving a return that is less than par.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Dual Underlying Kick Out Notes with Capital at Risk can be found at pages 148 to 154 of the Base Prospectus.

B. ***Formulae for determination of Redemption Amounts and other optional provisions relating to Dual Underlying Kick Out Notes with Capital at Risk***

Automatic Early Redemption Amount

The Notes will be automatically redeemed if on any Automatic Early Redemption Valuation Date specified in the applicable Final Terms, the performance of the Return Underlying (as calculated in accordance with the provisions of the applicable Final Terms) is greater than the relevant Automatic Early Redemption Threshold specific to that Automatic Early Redemption Valuation Date, (an "**Automatic Early Redemption Event**").

If the Calculation Agent determines that an Automatic Early Redemption Event has occurred, the Automatic Early Redemption Amount relevant to the Automatic Early Redemption Valuation Date will become payable on the immediately following Automatic Early Redemption Date. For the avoidance of doubt, there may be multiple Automatic Early Redemption Valuation Dates specified in the applicable Final Terms and an Automatic Early Redemption Event may occur on any such date.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of a Note on its Maturity Date shall be:

(a) if the Final Return Price is greater than the Return Threshold, either:

(i) if Digital Return is specified as being applicable in the Final Terms:

Specified Denomination x Digital Return

OR

(ii) if Upside Return is specified as being applicable in the Final Terms

$$\text{Specified Denomination} \times \left[100\% + \text{Max} \left\{ 0,\ \text{Min} \left(\text{Cap}, \text{Gearing1} \ \text{x} \ \frac{\text{Final Return Price} - \text{Initial Return Price}}{\text{Initial Return Price}} \right) \right\} \right]$$

(b) if (X) the Final Return Price is less than or equal to the Return Threshold, and (Y) either (A) the Barrier Condition is satisfied and/or (B) the Final Risk Price is greater than the Risk Threshold:

Specified Denomination x 100%

(c) if (X) the Final Return Price is less than or equal to the Return Threshold, and (Y) the Barrier Condition is not satisfied, and (Z) the Final Risk Price is less than or equal to the Risk Threshold, either:

(i) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + \text{Min} \left(0, \text{Max} \left[\text{Gearing 2 x} \left(\frac{\text{(Final Risk Price - Initial Risk Price)}}{\text{Initial Risk Price}} \right), -100\% \right] \right) \right)$$

OR

(ii) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + \textit{Min} \left(0\%, \text{Max} \left[\text{Gearing 2 x (Lower Strike - UpperStrike), Gearing 2 x} \left(\frac{\text{Final } \textit{Risk} \text{ Price}}{\text{Initial } \textit{Risk} \text{ Price}} - \textit{Upper Strike} \right), -100\% \right] \right) \right)$$

(provided that, if any of Cap, Gearing 1 and/or Gearing 2 are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited and Gearing1 and/or Gearing 2 (as applicable) shall be 100 per cent.).

Where:

"**Barrier Condition**" means in relation to the Risk Underlying:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Digital Return**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Return Price**" means the Final Share Price for the Return Underlying;

"**Final Risk Price**" means the Final Share Price for the Risk Underlying;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Return Price**" means the Initial Share Price for the Return Underlying.

"**Initial Risk Price**" means the Initial Share Price for the Risk Underlying.

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Return Price as specified in the applicable Final Terms;

"**Return Underlying**" means the Share specified as such in the applicable Final Terms;

"**Risk Threshold**" means *n* per cent. of the Initial Risk Price as specified in the applicable Final Terms;

"**Risk Underlying**" means the Share specified as such in the applicable Final Terms;

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms; and

"**Upside Return**", if applicable, means a return determined in accordance with the provisions above.

13. **Dual Underlying Upside Notes with Capital at Risk**

A. ***Further Information relating to Dual Underlying Upside Notes with Capital at Risk***

Dual Underlying Upside Notes with Capital at Risk are Dual Underlying Linked Notes. The return that an investor receives in relation to Dual Underlying Upside Notes with Capital at Risk is linked to the performance of two Underlyings, being any combination of single Shares, single Indices, Baskets of Indices and Baskets of Shares, as specified in the applicable Final Terms, which in certain circumstances can result in the investor receiving a return that is less than par.

The Notes do not bear interest linked to the underlying, but may bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and worked examples relating to Dual Underlying Upside Notes with Capital at Risk can be found at pages 155 to 160 of the Base Prospectus.

B. ***Formula for determination of the Final Redemption Amount and other optional provisions relating to Dual Underlying Upside Notes with Capital at Risk***

Unless previously redeemed or repurchased in accordance with the Terms, the Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of a Note on its Maturity Date shall be determined by the Calculation Agent in accordance with the following formula:

(a) if the Final Return Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold and either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the Final Risk Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Risk Threshold:

$$\text{Specified Denomination} \times \left[100\% + \text{Max} \left\{ \text{Minimum Return, Min} \left(\text{Cap, Gearing 1 x } \frac{\text{Final Return Price} - \text{Initial Return Price}}{\text{Initial Return Price}} \right) \right\} \right]$$

(b) where a Barrier Condition is specified, if (X) the Final Return Price is less than or equal to the Return Threshold and (Y) the Barrier Condition is satisfied or, the Barrier Condition is not satisfied but Final Risk Price is greater than the Risk Threshold:

Specified Denomination x 100%

(c) if the Final Return Price is (X) where a Barrier Condition is specified greater than, or (Y) where no Barrier Condition is specified, greater than or equal, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Final Risk Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Risk Threshold:

(i) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(\begin{array}{l} 100\% + \text{Max} \left\{ \text{Minimum Return, Min} \left(\text{Cap, Gearing 1 x } \frac{\text{Final Return Price} - \text{Initial Return Price}}{\text{Initial Return Price}} \right) \right\} \\ + \text{Min} \left(0, \text{Max} \left[\text{Gearing 2 x} \left(\frac{\text{(Final Risk Price - Initial Risk Price)}}{\text{Initial Risk Price}} \right), -100\% \right] \right) \end{array} \right)$$

OR

(ii) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(\begin{array}{l} 100\% + Max \left\{ \text{Minimum Return}, Min \left(Cap, Gearing\ 1\ x \dfrac{Final\ \text{Return Price} - Initial\ \text{Return Price}}{\text{Initial Return Price}} \right) \right\} \\ + Min \left(0\%, \text{Max} \left[\text{Gearing 2 x (LowerStrike - UpperStrike)}, \text{Gearing 2 x} \left(\dfrac{\text{Final Risk Price}}{\text{Initial Risk Price}} - Upper\ Stike \right), -100\% \right] \right) \end{array} \right)$$

(d) if the Final Return Price is (X) where a Barrier Condition is specified less than or equal to, or (Y) where no Barrier Condition is specified, less than, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Final Risk Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Risk Threshold, either:

(iii) if Downside Return 1 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + Min \left(0, \text{Max} \left[\text{Gearing 2 x} \left(\frac{(\text{Final } Risk \text{ Price - Initial } Risk \text{ Price})}{\text{Initial } Risk \text{ Price}} \right), -100\% \right] \right) \right)$$

OR

(iv) if Downside Return 2 is specified as being applicable in the Final Terms:

$$\text{Specified Denomination} \times \left(100\% + Min \left(0\%, \text{Max} \left[\text{Gearing 2 x (LowerStrike - UpperStrike)}, \text{Gearing 2 x} \left(\frac{\text{Final } Risk \text{ Price}}{\text{Initial } Risk \text{ Price}} - Upper\ Strike \right), -100\% \right] \right) \right)$$

(provided that, if any of Cap, Gearing 1, Gearing 2 and/or Minimum Return are specified as being "Not Applicable" in the Final Terms, the Cap shall be unlimited, Gearing 1 and/or Gearing 2 (as applicable) shall be 100 per cent. and the Minimum Return shall be zero).

Where:

"**Barrier Condition**" means in relation to the Risk Underlying:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Share on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Cap**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Return Price**" means the Final Share Price for the Return Underlying;

"**Final Risk Price**" means the Final Share Price for the Risk Underlying;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Return Price**" means the Initial Share Price for the Return Underlying; and

"**Initial Risk Price**" means the Initial Share Price for the Risk Underlying; and

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Minimum Return**", if applicable, means n per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Return Price as specified in the applicable Final Terms;

"**Return Underlying**" means the Share specified as such in the applicable Final Terms;

"**Risk Threshold**" means *n* per cent. of the Initial Risk Price as specified in the applicable Final Terms;

"**Risk Underlying**" means the Share specified as such in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

TERMS FOR EQUITY LINKED NOTES/INDEX LINKED NOTES/DUAL UNDERLYING LINKED NOTES

If the Notes are identified as "Equity Linked Notes", "Index Linked Notes" or "Dual Underlying Linked Notes" in the Final Terms, the Conditions applicable to the Notes shall be supplemented by the following Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes. In the event of any inconsistency between any of these Terms and the Conditions, or any statement in or incorporated by reference into the Base Prospectus, these Terms will prevail for the purposes of the Equity Linked Notes, Index Linked Notes and Dual Underlying Linked Notes. In the event of any inconsistency between any of these Terms, the Conditions or any statement in or incorporated by reference into the Base Prospectus, and the Final Terms in relation to the relevant Equity Linked Notes, Index Linked Notes or Dual Underlying Linked Notes, the Final Terms shall prevail.

The Final Terms shall specify whether the "**Underlying**" in respect of the Equity Linked Note is a single Share (which may be an ETF Share) or a Basket of Shares (which may be ETF Shares), whether the Underlying in respect of the Index Linked Note is an Index or a Basket of Indices and, in the case of the Dual Underlying Linked Note, shall specify the combination of such Underlyings in respect of the Note.

1. **Definitions**

For the purposes of the terms and conditions of the Equity Linked Notes, Index Linked Notes and Dual Underlying Linked Notes, the following terms shall have the meanings set out below:

"**Additional Disruption Event**" means a Change in Law, an Insolvency Filing, a Hedging Disruption and/or an Increased Cost of Hedging, ETF Modification, a Strategy Breach, a Regulatory Action and/or a Cross-contamination as specified in the applicable Final Terms in relation to the relevant Note and as determined by the Calculation Agent;

"**Automatic Early Redemption Amount**" means, if "Automatic Early Redemption" is specified as being applicable in the applicable Final Terms, an amount specified as such in the applicable Final Terms multiplied by the Kick Out FX Factor;

"**Automatic Early Redemption Averaging**" means, if specified as being applicable in the applicable Final Terms, that, for the purposes of determining whether an Automatic Early Redemption Event has occurred, the performance of the relevant Share, Index, Basket of Shares or Basket of Indices (as applicable) will be determined on the basis of the arithmetic average of the Prices, Levels or Values of the Share, Index, Basket of Shares or Basket of Indices (as applicable) on certain Automatic Early Redemption Averaging Dates;

"**Automatic Early Redemption Averaging Date(s)**" means, as specified in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*) below, either:

(a) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be an Automatic Early Redemption Averaging Date; or

(b) if Automatic Early Redemption Averaging Period is specified in the applicable Final Terms as being applicable, each day in the Automatic Early Redemption Averaging Period;

"**Automatic Early Redemption Averaging End Date**" means the date specified as such in relation to the relevant Automatic Early Redemption Averaging Period in the Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Automatic Early Redemption Averaging Period**" means, as specified in the applicable Final Terms, either:

(a) each Scheduled Trading Day in the period from and including the Automatic Early Redemption Averaging Start Date to and including the Automatic Early Redemption Averaging End Date; or

(b) the Automatic Early Redemption Averaging End Date and such number of Scheduled Trading Days preceding the Automatic Early Redemption Averaging End Date as specified in the applicable Final Terms, provided that, if the scheduled Automatic Early Redemption Averaging End Date is not a Scheduled Trading Day, the Automatic Early Redemption Averaging End Date shall be the immediately preceding Scheduled Trading Day;

"**Automatic Early Redemption Averaging Start Date**" means the date specified as such in relation to the relevant Automatic Early Redemption Averaging Period in the Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Automatic Early Redemption Date(s)**" means, if "Automatic Early Redemption" is specified as being applicable in the applicable Final Terms, each of the date(s) specified as such in the applicable Final Terms, provided that if the scheduled Automatic Early Redemption Date is not a Business Day, the Automatic Early Redemption Date shall be the next following Business Day;

"**Automatic Early Redemption Event**" means,

(a) if "Automatic Early Redemption Averaging" is specified in the applicable Final Terms as being applicable, the arithmetic average of the Prices, Levels or Values (as applicable) of the relevant Share, Index, Basket of Shares or Basket of Indices on each Automatic Early Redemption Averaging Date is greater than the Automatic Early Redemption Threshold specified in the applicable Final Terms;

(b) otherwise, that the price, level or value (as applicable) of the relevant Share, Index, Basket of Shares or Basket of Indices on the applicable Automatic Early Redemption Valuation Date, as determined by the Calculation Agent, is greater than the relevant Automatic Early Redemption Threshold specified in the applicable Final Terms, where the price, level or value (as applicable) shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Automatic Early Redemption Event, in which case the price shall be monitored at all times on such date(s);

"**Automatic Early Redemption Threshold(s)**" means, if "Automatic Early Redemption" is specified as being applicable, *n* per cent. as specified in the applicable Final Terms;

"**Automatic Early Redemption Valuation Date(s)**" means, if "Automatic Early Redemption" is specified as being applicable in the applicable Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*) or, if any originally scheduled Automatic Early Redemption Valuation Date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day;

"**Averaging Dates**" means each of the Automatic Early Redemption Averaging Dates, the Barrier Averaging Dates, the Interest Averaging Dates, the Final Averaging Dates, the Downside Final Averaging Dates and the Initial Averaging Dates;

"**Averaging Date Market Disruption**", if applicable, means the procedures specified in the applicable Final Terms for determining the consequence of an Averaging Date being a Disrupted day, as described in Term 2 (*Disruption*) below;

"**Averaging Period(s)**" means each of the Automatic Early Redemption Averaging Period(s), the Barrier Averaging Period, the Interest Averaging Period(s), the Final Averaging Period, the Downside Final Averaging Period and the Initial Averaging Period;

"**Barrier Averaging**" means, if specified as being applicable in the applicable Final Terms, that, for the purposes of determining whether the Barrier Condition has been satisfied, the performance of the relevant Share, Index, Basket of Shares or Basket of Indices (as applicable) will be determined on the basis of the arithmetic average of the Prices, Levels or Values of the Share, Index, Basket of Shares or Basket of Indices (as applicable) on certain Barrier Averaging Dates;

"**Barrier Averaging Date(s)**" means, as specified in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*), either:

(a) each of the dates specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be a Barrier Averaging Date; or

(b) if Barrier Averaging Period is specified in the applicable Final Terms as being applicable, each date in the Barrier Averaging Period;

"**Barrier Averaging End Date**" means the date specified as such in relation to the relevant Barrier Averaging Period in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Barrier Averaging Period**" means, as specified in the applicable Final Terms, either:

(a) each Scheduled Trading Day in the period from and including the Barrier Averaging Start Date to and including the Barrier Averaging End Date; or

(b) the Barrier Averaging End Date and such number of Scheduled Trading Days preceding the Barrier Averaging End Date as specified in the applicable Final Terms, provided that, if the scheduled Barrier Averaging End Date is not a Scheduled Trading Day, the Barrier Averaging End Date shall be the immediately preceding Scheduled Trading Day;

"**Barrier Averaging Start Date**" means the date specified as such in relation to the relevant Barrier Averaging Period in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*) below;

"**Barrier Observation Dates**" means, as specified in the applicable Final Terms, either:

(a) Each Exchange Business Day (or, in respect of a Basket, each Exchange Business Day which is an Exchange Business Day in respect of each Share or Index in the such Basket) in the period from and including the "**Barrier Observation Start Date**" specified in the applicable Final Terms to and including the "**Barrier Observation End Date**" specified in the applicable Final Terms (the "**Barrier Observation Period**"); or

(b) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be a Barrier Observation Date;

"**Barrier Threshold**" means *n* per cent. of the Initial Share Price, Initial Value or Initial Index Level (as applicable) of the relevant Underlying specified in the applicable Final Terms;

"**Barrier Valuation Date**" means the date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day, subject in each case to adjustment in accordance with Term 2 (*Disruption*);

"**Basket**" means a basket composed of Shares or Indices (as applicable) in the relative proportions and/or, in the case of Shares only, numbers of Shares of each Share Issuer, specified in the applicable Final Terms;

"**Best Performing Index**" means, in respect of any Valuation Date or Observation Date, the Index for which the Level of the Index on such day divided by Initial Index Level for such Index is highest, and, in respect of any Averaging Period, the Index for which the performance of the Index (as calculated on the basis of the arithmetic average of the Level of the Index on each relevant Averaging Date) divided by Initial Index Level for such Index is highest;

"**Best Performing Share**" means, in respect of any Valuation Date or Observation Date, the Share for which the Price of the Share on such day divided by Initial Share Price for such Share

is highest, and, in respect of any Averaging Period, the Share for which the performance of the Share (as calculated on the basis of the arithmetic average of the Price of the Share on each relevant Averaging Date) divided by Initial Share Price for such Share is highest;

"**Change in Law**" means that, on or after the Issue Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

(a) it is unable to perform its obligation in respect of the Notes or it has become illegal to hold, acquire or dispose of any Shares or relevant hedge positions in respect of the Equity Linked/Index Linked/Dual Underlying Linked Notes; or

it or any of its affiliates would incur a materially increased cost (including, without limitation, in respect of any solvency or capital requirements or any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) in maintaining the Equity Linked/Index Linked/Dual Underlying Linked Notes in issue or in holding, acquiring or disposing of any Shares or relevant hedge positions of the Equity Linked/Index Linked/Dual Underlying Linked Notes;

"**Cross-contamination**" means, in respect of an ETF Share and the related ETF, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such ETF, and such event continues, in the determination of the Calculation Agent, for the foreseeable future;

"**Delisting**" means that an Exchange announces that pursuant to its rules the Share or one or more of the Shares in the Basket has ceased (or will cease) to be listed, traded or publicly quoted on the relevant Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the Calculation Agent;

"**Disrupted Day**" means,

(a) in respect of an Index, any Scheduled Trading Day on which (i) if "**Multi-Exchange Index**" is specified in the applicable Final Terms, the relevant Index Sponsor fails to publish the level of the relevant Index or, if an Exchange is specified in relation to such Index, such Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred, all as determined by the Calculation Agent;

(b) in respect of a Basket of Indices, any day which is a Disrupted Day in respect of any Index comprising the Basket;

(c) in respect of a Share, any Scheduled Trading Day on which (i) the relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred, all as determined by the Calculation Agent; and

(d) in respect of a Basket of Shares, any day which is a Disrupted Day in respect of any Share comprising the Basket;

"**Downside Final Averaging**" means, if specified as being applicable in the applicable Final Terms, that the Downside Final Share Price, Downside Final Index Level or Downside Final Value (as applicable) of the relevant Share, Index, Basket of Shares or Basket of Indices will be determined on the basis of the arithmetic average of Prices, Levels or Values (as applicable) of such Share, Index, Basket of Shares or Basket of Indices on certain Downside Final Averaging Dates;

"**Downside Final Averaging Date(s)**" means, as specified in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*), either:

(a) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be a Downside Final Averaging Date; or

(b) if Downside Final Averaging Period is specified in the applicable Final Terms as being applicable, each date in the Downside Final Averaging Period;

"**Downside Final Averaging End Date**" means the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Downside Final Averaging Period**" means, as specified in the applicable Final Terms, either:

(a) each Scheduled Trading Day in the period from and including the Downside Final Averaging Start Date to and including the Downside Final Averaging End Date; or

(b) the Downside Final Averaging End Date and such number of Scheduled Trading Days preceding the Downside Final Averaging End Date as specified in the applicable Final Terms, provided that, if the scheduled Downside Final Averaging End Date is not a Scheduled Trading Day, the Downside Final Averaging End Date shall be the immediately preceding Scheduled Trading Day;

"**Downside Final Averaging Start Date**" means, the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Downside Final Index Level**" or "**DFIL**" means:

(a) in respect of an Index, (i) if Downside Final Averaging is specified as applicable in relation to the Downside Final Index Level in the applicable Final Terms, the arithmetic average of the levels of the Index as calculated and published by the Index Sponsor at the Valuation Time on each Downside Final Averaging Date specified in relation to the Downside Final Index Level in the applicable Final Terms, (ii) if "**Downside Best Final**" is applicable in relation to the Downside Final Index Level, the highest level of the relevant Index published by the Index Sponsor as of: (A) the Valuation Time on each Scheduled Trading Day or (B) if "**Constant Monitoring**" is applicable, at any time on each Scheduled Trading Day, in the period from and including the "**Downside Best Final Start Date**" to and including the "**Downside Best Final End Date**" each as specified in relation to the Downside Final Index Level in the applicable Final Terms, or (iii) otherwise, the level of the relevant Index at the Valuation Time on the Downside Final Redemption Valuation Date as specified in relation to the Downside Final Index Level in the applicable Final Terms, as determined by the Calculation Agent; and

(b) in respect of a Basket of Indices, subject to Term 3 (*Best of/Worst of Provisions*), the weighted average of the Downside Final Index Levels of each of the Indices constituting the Basket, as determined by the Calculation Agent;

"**Downside Final Redemption Valuation Date**" means the date (if any) specified as such in the applicable Final Terms subject to adjustment in accordance with Term 2 (*Disruption*) or, if such date is not a Scheduled Trading Day in respect of the relevant Underlying, the immediately preceding Scheduled Trading Day;

"**Downside Final Share Price**" or "**DFSP**" means, in respect of a Share (i) if Downside Final Averaging is specified as applicable in relation to the Downside Final Share Price, (a) the arithmetic average of the prices of one such Share in the Share Currency quoted on the Exchange at the Valuation Time on each Downside Final Averaging Date specified in relation to the Downside Final Share Price in the applicable Final Terms, (ii) if "**Downside Best Final**" is applicable, the highest price of one such Share quoted on the Exchange as of: (A) the Valuation Time on each Scheduled Trading Day or (B) if "**Constant Monitoring**" is applicable, at any time on each Scheduled Trading Day, in the period from and including the "**Best Downside Start**

Date" to and including the "**Downside Best Final End Date**" each as specified in relation to the Downside Final Share Price in the applicable Final Terms, or (iii) otherwise, the price of one such Share in the Share Currency quoted on the Exchange at the Valuation Time on the Downside Final Redemption Valuation Date specified in relation to the Downside Final Share Price in the applicable Final Terms, as determined by the Calculation Agent;

"**Downside Final Value**" or "**DFV**" means, subject to Term 3 (*Best of/Worst of Provisions*), in respect of a Basket of Shares, the weighted average of the Downside Final Share Prices of the Shares constituting the Basket, as determined by the Calculation Agent;

"**Early Closure**" means, in respect of a Share/an Index (as applicable), the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its/their Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Exchange(s) or such Related Exchange(s) system(s) for execution at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent;

"**ETF**" means, in respect of an ETF Share, the issuer of such ETF Share as specified in relation to the relevant ETF Share in the Final Terms);

"**ETF Administrator**" means, in respect of an ETF Share and the related ETF, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such ETF in respect of such ETF Share according to the ETF Fund Documents of such ETF and such ETF Share;

"**ETF Adviser**" means, in respect of an ETF Share and the related ETF, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) to such ETF in respect of such ETF Share, or any successor;

"**ETF Fund Documents**" means, in respect of an ETF Share and the related ETF, the constitutive and governing documents of such ETF in respect of such ETF Share, and the subscription agreements and other agreements, in each case, relating to such ETF Shares and as amended from time to time;

"**ETF Modification**" means, in respect of an ETF Share and the related ETF, any change or modification of the ETF Fund Documents of such ETF in respect of such ETF Share which could reasonably be expected to affect (i) the value of such ETF Share; or (ii) the rights or remedies of any holder of any ETF Share as compared with those rights and remedies prevailing on the Issue Date;

"**ETF Service Provider**" means, in respect of an ETF Share and the related ETF, any person who is appointed to provide services, directly or indirectly, for such ETF in respect of such ETF Share, whether or not specified in the relevant ETF Fund Documents or any successor, including, without limitation, any ETF Administrator, ETF Adviser, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent;

"**ETF Share**" means the share as specified in the applicable Final Terms;

"**Exchange(s)**" means,

(a) in respect of an Index, if an Exchange is specified in relation to that Index in the applicable Final Terms, such Exchange, and, if "**Multi-Exchange Index**" is specified in relation to that Index in the applicable Final Terms, in respect of any securities comprised in such Index, the stock exchanges (from time to time) on which in the determination of the Calculation Agent such securities are listed for the purposes of such Index or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprised in the relevant Index has temporarily been relocated (**provided that** the Calculation Agent has

determined that there is comparable liquidity relative to the securities underlying such Index on such successor or substitute exchange or quotation system as on the original Exchange);

(b) in respect of a Share, the Exchange specified for such Share in the applicable Final Terms or otherwise the principal stock exchange on which such Share is, in the determination of the Calculation Agent, traded or quoted or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily been relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to such Share on such successor or substitute exchange or quotation system as on the original Exchange);

"**Exchange Business Day**" means, in respect of a Share/an Index (as applicable), any Scheduled Trading Day on which the relevant Exchange(s) and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange(s) or Related Exchange(s) closing prior to its/their Scheduled Closing Time, as determined by the Calculation Agent;

"**Exchange Disruption**" means:

(a) in respect of an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, (x) if "**Multi-Exchange Index**" is specified in relation to that Index in the applicable Final Terms any security comprised in such Index on any relevant Exchange and (y) if an Exchange is specified in relation to that Index in the applicable Final Terms, securities that comprise 20 per cent. or more of the level of such Index on the such Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Index on any relevant Related Exchange;

(b) in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, such Share on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange;

"**Extraordinary Dividend**" means, in respect of a Share, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the Calculation Agent;

"**Final Averaging**" means, if specified as being applicable in the applicable Final Terms, that the Final Share Price, Final Index Level or Final Value (as applicable) of the relevant Share, Index, Basket of Shares or Basket of Indices will be determined on the basis of the arithmetic average of Prices, Levels or Values (as applicable) of such Share, Index, Basket of Shares or Basket of Indices on certain Final Averaging Dates;

"**Final Averaging Date(s)**" means, as specified in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*), either:

(a) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be a Final Averaging Date; or

(b) if Final Averaging Period is specified in the applicable Final Terms as being applicable, each date in the Final Averaging Period;

"**Final Averaging End Date**" means the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Final Averaging Period**" means, as specified in the applicable Final Terms, either:

(a) each Scheduled Trading Day in the period from and including the Final Averaging Start Date to and including the Final Averaging End Date; or

(b) the Final Averaging End Date and such number of Scheduled Trading Days preceding the Final Averaging End Date as specified in the applicable Final Terms, provided that, if the scheduled Final Averaging End Date is not a Scheduled Trading Day, the Final Averaging End Date shall be the immediately preceding Scheduled Trading Day;

"**Final Averaging Start Date**" means, the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Final Index Level**" or "**FIL**" means:

(a) in respect of an Index, (i) if Final Averaging is specified as applicable in the applicable Final Terms, the arithmetic average of the levels of the Index as calculated and published by the Index Sponsor at the Valuation Time on each Final Averaging Date specified in relation to the Final Index Level in the applicable Final Terms, (ii) if "**Best Final**" is applicable the highest level of the relevant Index published by the Index Sponsor as of: (A) the Valuation Time on each Scheduled Trading Day or (B) if "**Constant Monitoring**" is applicable, at any time on each Scheduled Trading Day, in the period from and including the "**Best Final Start Date**" to and including the "**Best Final End Date**" each specified in relation to the Final Index Level in the applicable Final Terms, or (iii) otherwise, the level of the relevant Index at the Valuation Time on the Final Redemption Valuation Date specified in relation to the Final Index Level in the applicable Final Terms, as determined by the Calculation Agent; and

(b) in respect of a Basket of Indices, subject to Term 3 (*Best of/Worst of Provisions*), the weighted average of the Final Index Levels of each of the Indices constituting the Basket, as determined by the Calculation Agent;

"**Final Redemption Valuation Date**" means the date (if any) specified as such in the applicable Final Terms subject to adjustment in accordance with Term 2 (*Disruption*) or, if such date is not a Scheduled Trading Day in respect of the relevant Underlying, the immediately preceding Scheduled Trading Day;

"**Final Share Price**" or "**FSP**" means, in respect of a Share (i) if Final Averaging is applicable, (a) the arithmetic average of the prices of one such Share in the Share Currency quoted on the Exchange at the Valuation Time on each Final Averaging Date specified in relation to the Final Share Price in the applicable Final Terms, (ii) if "**Best Final**" is applicable, the highest price of one such Share quoted on the Exchange as of: (A) the Valuation Time on each Scheduled Trading Day or (B) if "**Constant Monitoring**" is applicable, at any time on each Scheduled Trading Day, in the period from and including the "**Best Final Start Date**" to and including the "**Best Final End Date**" each as specified in relation to the Final Share Price in the applicable Final Terms, or (iii) otherwise, the price of one such Share in the Share Currency quoted on the Exchange at the Valuation Time on the Final Redemption Valuation Date specified in relation to the Final Share Price in the applicable Final Terms, as determined by the Calculation Agent;

"**Final Value**" or "**FV**" means, subject to Term 3 (*Best of/Worst of Provisions*), in respect of a Basket of Shares, the weighted average of the Final Share Prices of the Shares constituting the Basket, as determined by the Calculation Agent;

"**Hedging Disruption**" means that the Issuer and/or any of its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge the equity price risk or any other relevant price risk, including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Inflation Linked Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or option contract(s) or any relevant hedge positions relating to the Equity Linked/Index Linked/Dual Underlying Linked Notes;

"**Increased Cost of Hedging**" means that the Issuer and/or any of its affiliates would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Equity Linked/Index Linked/Dual Underlying Linked Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its respective affiliates shall not be deemed an Increased Cost of Hedging; and

"**Index**" means an index specified in the applicable Final Terms or any Successor thereto, and in respect of a Basket, means one of the indices specified in the definition of Basket or any Successor Index, and "**Indices**" means all such indices together;

"**Index Cancellation**" means, in respect of an Index, the Index Sponsor in respect of such Index cancels the Index and no Successor Index exists;

"**Index Disruption**" means, in respect of an Index, the Index Sponsor in respect of such Index fails to calculate and announce the Level;

"**Index Modification**" means, in respect of an Index, the relevant Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating such Index or in any other way materially modifies such Index (other than a modification prescribed in that formula or method to maintain such Index in the event of changes in constituent securities and capitalisation and other routine events);

"**Index Sponsor**" means, in respect of an Index, either (x) the index sponsor specified in the applicable Final Terms or such other corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day failing whom such person acceptable to the Calculation Agent who calculates and announces the relevant Index or any agent or person acting on behalf of such person or (y) if no such index sponsor is specified in the applicable Final Terms, then the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, failing whom such person acceptable to the Calculation Agent who calculates and announces the relevant Index or any agent or person acting on behalf of such person;

"**Initial Averaging**" means, if specified as being applicable in the applicable Final Terms, that the Initial Share Price, Initial Value or Initial Index Level (as applicable) will be determined on the basis of the arithmetic average of Prices, Levels or Values (as applicable) of the Share, Index, Basket of Shares or Basket of Indices on certain Initial Averaging Dates;

"**Initial Averaging Date(s)**" means, as specified in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*), either:

(a) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be an Initial Averaging Date; or

(b) if Initial Averaging Period is specified in the applicable Final Terms as being applicable, each date in the Initial Averaging Period;

"**Initial Averaging End Date**" means the date specified as such in relation to the Initial Averaging Period in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Initial Averaging Period**" means, as specified in the applicable Final Terms, either:

(a) each Scheduled Trading Day in the period from and including the Initial Averaging Start Date to and including the Initial Averaging End Date; or

(b) the Initial Averaging End Date and such number of Scheduled Trading Days preceding the Initial Averaging End Date as specified in the applicable Final Terms, provided that, if the scheduled Initial Averaging End Date is not a Scheduled Trading Day, the Initial Averaging End Date shall be the immediately preceding Scheduled Trading Day;

"**Initial Averaging Start Date**" means the date specified as such in relation to the Initial Averaging Period in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Initial Index Level**" means:

(a) in respect of an Index (i) if Initial Averaging is applicable, the arithmetic average of the levels of the relevant Index as calculated and published by the Index Sponsor at the Valuation Time on each Initial Averaging Date, (ii) if "**Best Strike**" is applicable the lowest level of the relevant Index published by the Index Sponsor as of: (A) the Valuation Time on each Scheduled Trading Day or (B) if "**Constant Monitoring**" is applicable, at any time on each Scheduled Trading Day, in the period from and including the "**Strike Start Date**" to and including the "**Strike End Date**" each as specified in the applicable Final Terms, (iii) the Initial Index Level specified in the Final Terms, or (iv) otherwise the level of the relevant Index at the Valuation Time on the Strike Date, as determined by the Calculation Agent; and

(b) in respect of a Basket of Indices, unless otherwise specified in the Final Terms, subject to Term 3 (*Best of/Worst of Provisions*), the weighted average of the Initial Index Levels of the Indices constituting the Basket, as determined by the Calculation Agent.

"**Initial Share Price**" means, unless otherwise specified in the Final Terms, in respect of a Share (i) if Initial Averaging is applicable, the arithmetic average of the Prices of one such Share in the Share Currency quoted on the Exchange at the Valuation Time on each Initial Averaging Date, (ii) if "**Best Strike**" is applicable, the lowest price of one such Share in the Share Currency quoted on the Exchange as of: (A) the Valuation Time on each Scheduled Trading Day or (B) if "**Constant Monitoring**" applicable, at any time on each Scheduled Trading Day, in the period from and including the "**Strike Start Date**" to and including the "**Strike End Date**" each as specified in the applicable Final Terms, or (iii) otherwise, the price of one such Share in the Share Currency quoted on the Exchange at the Valuation Time on the Strike Date, as determined by the Calculation Agent

"**Initial Value**" means, unless otherwise specified in the Final Terms, subject to Term 3 (*Best of/Worst of Provisions*), in respect of a Basket of Shares, the weighted average of the Initial Share Prices of the Shares constituting the Basket, as determined by the Calculation Agent;

"**Insolvency**" means, in respect of a Share Issuer or ETF (as applicable), that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting such Share Issuer or ETF (as applicable), (A) all the Shares of such Share Issuer or ETF (as applicable) are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of such Share Issuer or ETF (as applicable) become legally prohibited from transferring them, all as determined by the Calculation Agent;

"**Insolvency Filing**" means, in respect of a Share, that the Calculation Agent determines that the relevant Share Issuer or ETF (as applicable) has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition;

"**Interest Averaging**" means, if specified as being applicable in the applicable Final Terms, for the purposes of determining whether an Interest Amount Event has occurred, the performance of the Share, Index, Basket of Shares or Basket of Indices (as applicable) will be determined on the basis of the arithmetic average of Prices, Levels or Values (as applicable) of the Share, Index, Basket of Shares or Basket of Indices on certain Interest Averaging Dates;

"**Interest Averaging Date(s)**" means, as specified in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*), either:

(a) each of the dates specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be an Interest Averaging Date; or

(b) if Initial Averaging Period is specified in the applicable Final Terms as being applicable, each date in the Initial Averaging Period;

"**Interest Averaging End Date**" means the date specified as such in relation to the relevant Interest Averaging Period in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Interest Averaging Period**" means, as specified in the applicable Final Terms, either:

(a) each Scheduled Trading Day in the period from and including the Interest Averaging Start Date to and including the Interest Averaging End Date; or

(b) the Interest Averaging End Date and such number of Scheduled Trading Days preceding the Interest Averaging End Date as specified in the applicable Final Terms, provided that, if the scheduled Interest Averaging End Date is not a Scheduled Trading Day, the Interest Averaging End Date shall be the immediately preceding Scheduled Trading Day;

"**Interest Averaging Start Date**" means the date specified as such in relation to the relevant Interest Averaging Period in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*);

"**Interest Observation Dates**" means, as specified in the applicable Final Terms, either:

(a) each Exchange Business Day (or, in respect of a Basket, each Exchange Business Day which is an Exchange Business Day in respect of each Share or Index in the such Basket) from and including the "**Interest Observation Start Date**" specified in the applicable Final Terms to and including the "**Interest Observation End Date**" specified in the applicable Final Terms (the "**Interest Observation Period**"); or

(b) each of the dates specified as such in the applicable Final Terms, or if any such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day which is not already specified or deemed to be an Interest Observation Date;

"**Interest Valuation Date**" means the date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day in relation to the relevant Underlying, the immediately preceding Scheduled Trading Day, subject in each case to adjustment in accordance with Term 2 (*Disruption*);

"**Kick Out FX Factor**", if applicable, means the FX Factor specified as such in the Final Terms (provided that if Kick Out FX Factor is specified as Not Applicable in the applicable Final Terms, the Kick Out FX Factor shall be 100 per cent.);

"**Level**" means:

(a) in respect of an Index, on any relevant Exchange Business Day, the level of the Index, as calculated and published by the Index Sponsor at the Valuation Time on such Exchange Business Day; and

(b) in respect of a Basket of Indices, subject to Term 3 (*Best of/Worst of Provisions*), the weighted average of the Levels of the relevant Indices comprising the Basket.

"**Market Disruption Event**" means:

(a) in respect of an Index, the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines in its sole discretion is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, **provided that**, if "**Multi-Exchange Index**" is specified in relation to that Index in the applicable Final Terms, the securities comprised in the relevant Index in respect of which an Early Closure, an Exchange Disruption and/or a Trading Disruption occurs or exists amount, in the determination of the Calculation Agent, in aggregate to 20 per cent. or more of the level of such Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a security included in the relevant Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of the relevant Index attributable to that security and (y) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Calculation Agent, all as determined by the Calculation Agent;

(b) in respect of a Share, the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines in its sole discretion is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, all as determined by the Calculation Agent;

"**Merger Date**" means, in respect of a Merger Event, the closing date of such Merger Event or, where the Calculation Agent determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

"**Merger Event**" means, in respect of one or more of the Shares in the Basket, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or ETF (as applicable) with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer or ETF (as applicable) is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the relevant Share Issuer or ETF (as applicable) that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or ETF (as applicable) or its subsidiaries with or into another entity in which such Share Issuer or ETF (as applicable) is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a "**Reverse Merger**"), in each case if the Merger Date is on or before the Valuation Date (or such other date as may be specified in the applicable Final Terms), all as determined by the Calculation Agent;

"**Nationalisation**" means (i) in respect of an ETF, that all the ETF Shares of such ETF or all the assets or substantially all the assets of such ETF; or (ii) in respect of a Share Issuer, that all the Shares of a Share Issuer or all or substantially all the assets of such Share Issuer, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof, as determined by the Calculation Agent;

"**New Shares**" means ordinary or common shares, whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or

quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the Calculation Agent and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations, all as determined by the Calculation Agent;

"**Observation Date**" means each Interest Observation Date, Barrier Observation Date and Lock-In Observation Date;

"**Other Consideration**" means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party);

"**Potential Adjustment Event**" means any of the following: a subdivision, consolidation or reclassification of one or more of the Shares in the Basket (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue; a distribution, issue or dividend to existing holders of one or more of the Shares in the Basket of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Share Issuer or ETF (as applicable) equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the relevant Share Issuer or ETF (as applicable) as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; an Extraordinary Dividend; a call by a Share Issuer or ETF (as applicable) in respect of relevant Shares that are not fully paid; a repurchase by a Share Issuer or ETF (as applicable) or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; with respect to a Share Issuer or ETF (as applicable), an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer or ETF (as applicable) (**provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or any other event that may have a diluting or concentrative effect on the theoretical value of one or more of the Shares in the Basket, all as determined by the Calculation Agent;

"**Price**" means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange at the Valuation Time on such Exchange Business Day;

Redemption Amount" means the Automatic Early Redemption Amount or the Final Redemption Amount;

"**Regulatory Action**" means, in respect of an ETF Share and the related ETF, (i) the cancellation, suspension, revocation of the registration or approval of such ETF or such ETF Share by any governmental, legal or regulatory entity with authority over such ETF or such ETF Share; (ii) any change in the legal, tax, accounting or regulatory treatment of such ETF Share, such ETF or its ETF Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such ETF Share or on any investor in such ETF Share; or (iii) such ETF or any of its ETF Administrator or its ETF Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such ETF, ETF Administrator or ETF Adviser;

"**Related Exchange**" means:

(a) in respect of an Index, each exchange or quotation system as the Calculation Agent determines on which trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index, any

transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the relevant Index on such temporary substitute exchange or quotation system as on the original Related Exchange);

(b) in respect of a Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share or such other options or futures exchange(s) as the Issuer shall (acting on the instructions of the Calculation Agent) select, any transferee exchange or quotation system or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange),

"**Scheduled Closing Time**" means, in respect of an Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or such Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"**Scheduled Trading Day**" means:

(a) in respect of an Index, (i) if "**Multi-Exchange Index**" is specified in relation to that Index in the applicable Final Terms, any day on which the relevant Index Sponsor is scheduled to publish the level of such Index and each Related Exchange is scheduled to be open for trading for its regular trading session and (ii) if an Exchange is specified in relation to the Index in the applicable Final Terms, any day on which such Exchange and each Related Exchange is scheduled to be open for trading for its regular trading session, notwithstanding the relevant Exchange(s) or any relevant Related Exchange(s) closing prior to its/their Scheduled Closing Time, as determined by the Calculation Agent;

(b) in respect of a Basket of Indices, any day which is a Scheduled Trading Day in respect of each Index comprising the Basket;

(c) in respect of a Share, any day on which the relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading sessions, notwithstanding the relevant Exchange(s) or any relevant Related Exchange(s) closing prior to its/their Scheduled Closing Time, as determined by the Calculation Agent;

(d) in respect of a Basket of Shares, any day which is a Scheduled Trading Day in respect of each Share comprising the Basket;

"**Share**" means a share or ETF Share as specified in the applicable Final Terms and in respect of a Basket, means one of the shares or ETF Shares (as applicable) specified in the definition of Basket, and "**Shares**" or "**ETF Shares**" means all such shares together;

"**Share Currency**" has the meaning given to it in the applicable Final Terms;

"**Share Issuer**" has the meaning given to it in the applicable Final Terms;

"**Strategy Breach**" means, in respect of an ETF Share and the related ETF, any breach or violation of any strategy or investment guidelines stated in the ETF Fund Documents of such ETF in respect of such ETF Share which is reasonably likely, in the determination of the Calculation Agent, to affect: (i) the value of such ETF Share; or (ii) the rights or remedies of any holder of any such ETF Share as compared with those rights or remedies prevailing on the Issue Date;

"**Strike Date**" means the date specified as such (if any) in the applicable Final Terms, subject to adjustment in accordance with Term 2 (*Disruption*) or, if such date is not a Scheduled Trading Day in respect of the relevant Underlying, the next following Scheduled Trading Day;

"**Successor Index**" means, in respect of an Index, where such Index is (i) not calculated and announced by the relevant Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Index, such successor index or index calculated and announced by the successor sponsor;

"**Tender Offer**" means, in respect of a Share, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"**Tender Offer Date**" means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent);

"**Trading Disruption**" means:

(a) in respect of an Index, any suspension of or limitation imposed on trading by a relevant Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or relevant Related Exchange or otherwise (i) if "**Multi-Exchange Index**" is specified in relation to that Index in the applicable Final Terms, on any relevant Exchange(s) relating to any security comprised in the relevant Index or, if an Exchange is specified in relation to that Index in the applicable Final Terms, relating to securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange, all as determined by the Calculation Agent;

(b) in respect of a Share, any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or such Related Exchange or otherwise (i) relating to such Share on such Exchange or (ii) in futures or options contracts relating to such Share on a Related Exchange, all as determined by the Calculation Agent,

"**Valuation Date**" means, for purposes of Term 2 (*Disruption*) only, each Automatic Early Redemption Valuation Date, each Interest Valuation Date, each Barrier Valuation Date and the Final Redemption Valuation Date;

"**Valuation Time**" means the time on the relevant Valuation Date or Averaging Date, as the case may be, specified in the applicable Final Terms or, if no such time is specified, the Scheduled Closing Time on the Exchange on the relevant date in relation to the relevant Share/Index. If a relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Term 2 (*Disruption*) below) the Valuation Time shall be such actual closing time;

"**Value**" means, subject to Term 3 (*Best of/Worst of Provisions*), in respect of a Basket of Shares, on any Exchange Business Day, the weighted average of the Price of the Shares constituting the Basket;

"**Worst Performing Index**" means, in respect of any Valuation Date or Observation Date, the Index for which the Level of the Index on such day divided by Initial Index Level for such Index is lowest, and, in respect of any Averaging Period, the Index for which the performance of the

Index (as calculated on the basis of the arithmetic average of the Level of the Index on each relevant Averaging Date) divided by Initial Index Level for such Index is lowest;

"**Worst Performing Share**" means, in respect of any Valuation Date or Observation Date, the Share for which the Price of the Share on such day divided by Initial Share Price for such Share is lowest, and, in respect of any Averaging Period, the Share for which the performance of the Share (as calculated on the basis of the arithmetic average of the Price of the Share on each relevant Averaging Date) divided by Initial Share Price for such Share is lowest.

2. **Disruption**

2.1 If the Calculation Agent determines that the Strike Date, any Valuation Date or any Observation Date, as the case may be, in respect of the relevant Underlying is a Disrupted Day, then the Strike Date, such Valuation Date, or such Observation Date, as the case may be, in respect of such Underlying only shall be the first succeeding Scheduled Trading Day in respect of such Underlying that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the Strike Date, such Valuation Date or such Observation Date, as the case may be, in respect of such Underlying is a Disrupted Day. In that case:

(a) that eighth Scheduled Trading Day shall be deemed to be the Strike Date, such Valuation Date or such Observation Date, as the case may be, in respect of such Underlying notwithstanding the fact that such day is a Disrupted Day in respect of such Underlying; and

(b) the Calculation Agent shall determine:

(i) in respect of an Index, the level of such Index on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the relevant Index (or, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred in respect of a relevant security on that eighth Scheduled Trading Day, its good faith estimate of the price for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

(ii) in respect of a Basket of Indices, the level of such Basket of Indices on that eighth Scheduled Trading Day by determining the level of each Index comprising the Basket in accordance with the formula for and method of calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the relevant Index (or, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred in respect of a relevant security on that eighth Scheduled Trading Day, its good faith estimate of the price for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day);

(iii) in respect of a Share, the price of one such Share as its good faith estimate of the price of one such Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and

(iv) in respect of a Basket of Shares, the value of such Basket of Shares by determining the price of one of each of the Shares comprising the Basket as its good faith estimate of the price of one of each of such Shares that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day.

2.2 If any Averaging Date is a Disrupted Day in respect of an Underlying, then, if the consequence specified in the applicable Final Terms in relation to "Averaging Date Market Disruption" is:

(a) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the performance of such Underlying **provided that**, if through the operation of this provision no Averaging Date would occur in respect of the relevant Underlying during the relevant Averaging Period, then the performance of the Underlying in respect of the relevant Averaging Period will be determined in accordance with Term 2.1 above as if the final scheduled Averaging Date in the relevant Averaging Period was a Valuation Date in respect of such Underlying that was a Disrupted Day;

(b) "**Postponement**", then Term 2.1 above will apply for purposes of determining the performance of such Underlying on such Averaging Date as if such Averaging Date were a Valuation Date in respect of such Underlying that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date in respect of such Underlying;

(c) "**Modified Postponement**", then:

(i) the Averaging Date for the relevant Underlying affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Underlying (as applicable). If the first succeeding Valid Date in relation to such Underlying has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the originally scheduled Averaging Date, then (1) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to the relevant Underlying; and (2) the Calculation Agent shall determine the level, price or value in respect of such Underlying (as applicable) for that Averaging Date in accordance with Term 2.1(b) above; and

(ii) "**Valid Date**" shall mean a Scheduled Trading Day in respect of the relevant Underlying that is not a Disrupted Day and on which another Averaging Date in the relevant Averaging Period does not or is not deemed to occur in respect of the Underlying.

(d) "**Preceding**", then such Averaging Date in respect of the Underlying will be the immediately preceding day that is a Scheduled Trading Day for such Underlying that is not a Disrupted Day and on which another Averaging Date has not or is deemed to have not occurred.

2.3 ***Postponement of Payments***

Notwithstanding the provisions of any other term or condition of the Notes, if the Calculation Agent determines that a Disrupted Day has occurred in respect of any Underlying on any Valuation Date, Observation Date or Averaging Date, payment of any relevant Interest Amount, Final Redemption Amount or Automatic Early Redemption Amount (as applicable) shall be postponed to the later of (i) the Maturity Date, the Interest Payment Date or the Automatic Early Redemption Date (as applicable) and (ii) the date that is three Business Days (or such other period specified in the applicable Final Terms) following such postponed Valuation Date, Observation Date or Averaging Date, as the case may be. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Interest Amount, Final Redemption Amount or Automatic Early Redemption Amount in accordance with this Term 2 (*Disruption*).

The Calculation Agent shall, on behalf of the Issuer, give notice to the holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes (copied to the Issuer) of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Equity Linked/Index Linked/Dual Underlying Linked Notes.

3. **Best of/Worst of Provisions**

Where the applicable Final Terms specify that the Underlying (or, in respect of Dual Underlying Linked Notes, either the Risk Underlying and/or the Return Underlying) is a Basket, the Final Terms may further specify that, in relation to any one or more determinations of the performance of such Underlying, either "Best of Provisions" or "Worst of Provisions" are applicable (and in respect of Dual Underlying Linked Notes, may specify that such provisions apply in respect of such determination of performance of the Risk Underlying and/or the Return Underlying). If "Best of Provisions" are specified as applicable, the Value or Level of the Basket and/or the Final Value, Final Index Level, Final Downside Value or Final Downside Index Level (as applicable) of the Basket for the purposes of such determination will be calculated on the basis of the Best Performing Share or Best Performing Index, as applicable, in the relevant Basket, as if the Basket is constituted of only such Share or Index, as applicable. If "Worst of Provisions" are specified as applicable the Value or Level of the Basket and/or the Final Value, Final Index Level, Final Downside Value or Final Downside Index Level (as applicable) of the Basket for the purposes of such determination will be calculated on the basis of the Worst Performing Share or Worst Performing Index, as applicable, in the relevant Basket, as if the Basket is constituted of only such Share or Index, as applicable.

4. **Adjustments, Consequences of Certain Events and Currency in respect of Indices**

4.1 ***Index Modification, Index Cancellation and/or Index Disruption***

If the Calculation Agent determines that, in respect of any Index, an Index Modification, Index Cancellation or Index Disruption has occurred or any other event or events occur which the Calculation Agent determines necessitate(s) an adjustment or adjustments to the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level of any Underlying, Interest Amount and/or any other relevant term of the Index Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer), the Issuer shall (acting on the instructions of the Calculation Agent) either (i) redeem each Index Linked/Dual Underlying Linked Note at its Fair Market Value on such date as the Issuer (acting on the instructions of the Calculation Agent) shall notify to holders of the Index Linked/Dual Underlying Linked Notes; and (ii) make any adjustment or adjustments to the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level of any Underlying, Interest Amount and/or any other relevant term of the Index Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer) as the Calculation Agent deems necessary.

The Calculation Agent, on behalf of the Issuer, shall give notice to the holders of the Index Linked/Dual Underlying Linked Notes of any such adjustment or redemption (copied to the Issuer).

5. **Adjustments in respect of Shares**

5.1 ***Adjustments***

If the Calculation Agent determines that a Potential Adjustment Event has occurred in respect of (i) a Share or (ii) in relation to a Basket, one or more of the Shares in the Basket or that there has been an adjustment to the settlement terms of listed contracts on (i) a Share or (ii) in relation to a Basket, one or more of the Shares in the Basket traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (a) make the corresponding adjustment(s), if any, to the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level, Initial Share Price or Initial Value (as applicable) of any Underlying, Interest Amount and/or any other relevant term of the Equity Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (**provided that** no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment

Event or adjustment to settlement terms made by an options exchange to options on the relevant Shares traded on that options exchange.

The Calculation Agent shall give notice of such adjustment(s) and determinations to the Issuer and holders of the Equity Linked/Dual Underlying Linked Notes.

5.2 ***Consequences of a Merger Event***

If the Calculation Agent determines that a Merger Event has occurred in respect of one or more Shares, the Issuer shall (if so instructed by the Calculation Agent) (i) redeem each Equity Linked/Dual Underlying Linked Note at its Fair Market Value as at the Merger Date on such date as the Issuer shall notify to holders of the Equity Linked/Dual Underlying Linked Notes; and/or (ii) make such adjustment to the exercise, settlement, payment or any other term or condition of the Equity Linked/Dual Underlying Linked Notes as the Calculation Agent determines appropriate to account for the economic effect on the Equity Linked/Dual Underlying Linked Notes of such Merger Event (**provided that** no adjustments will be made solely to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the relevant Shares or to the Equity Linked/Dual Underlying Linked Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment; and/or (iii) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the relevant "**Shares**" and the relevant "**Share Issuer**", respectively, and if the Calculation Agent determines to be appropriate, the Issuer will adjust any relevant terms of the Equity Linked/Dual Underlying Linked Notes as the Calculation Agent may determine.

The Calculation Agent shall, on behalf of the Issuer, give notice of such redemption, adjustment or deemed change to holders of the Equity Linked/Dual Underlying Linked Notes (copied to the Issuer).

5.3 ***Consequences of a Tender Offer***

If the Calculation Agent determines that a Tender Offer has occurred in respect of one or more hares, then on or after the relevant Tender Offer Date the Issuer shall (if so instructed by the Calculation Agent) (i) redeem each Equity Linked/Dual Underlying Linked Note at its Fair Market Value as at the Tender Offer Date on such date as the Issuer (acting on the instructions of the Calculation Agent) may notify to holders of the Equity Linked/Dual Underlying Linked Notes; and/or (ii) make such adjustment to the exercise, settlement, payment or any other term or condition of the Equity Linked/Dual Underlying Linked Notes as the Calculation Agent determines appropriate to account for the economic effect on the Equity Linked/Dual Underlying Linked Notes of such Tender Offer (**provided that** no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Equity Linked/Dual Underlying Linked Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment.

The Calculation Agent shall, on behalf of the Issuer, give notice of such redemption or adjustment to holders of the Equity Linked/Dual Underlying Linked Notes (copied to the Issuer).

5.4 ***Nationalisation, Insolvency or Delisting***

If in respect of one or more of the Shares or a Share Issuer or ETF (as applicable) the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a Delisting, the Issuer shall (if so instructed by the Calculation Agent) (i) make such adjustment, if any, to any one or more of the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level, Initial Share Price or Initial Value (as applicable) of any Underlying, Interest Amount and/or any other relevant term of the Equity Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer) as

the Calculation Agent determines appropriate to account for the Nationalisation, Insolvency or Delisting, as the case may be, on the effective date of that adjustment (in each case as determined by the Calculation Agent) or (ii) redeem each Equity Linked/Dual Underlying Linked Note at its Fair Market Value as at the date of redemption taking into account the Nationalisation, Insolvency or Delisting on such date as the Issuer shall (acting on the instructions of the Calculation Agent) notify to holders of the Equity Linked/Dual Underlying Linked Notes.

The Calculation Agent, on behalf of the Issuer, shall give notice of any redemption of the Equity Linked/Dual Underlying Linked Notes, determination or adjustment pursuant to this Term to holders of the Equity Linked/Dual Underlying Linked Notes (copied to the Issuer).

5.5 ***Change in currencies***

If, at any time after the Issue Date, there is any change in the currency in which any Shares are quoted, listed and/or dealt on the Exchange, then the Issuer will adjust such of the terms and conditions of the Equity Linked/Dual Underlying Linked Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Equity Linked/Dual Underlying Linked Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency of denomination of the Equity Linked/Dual Underlying Linked Notes or any payment obligation arising out of the Equity Linked/Dual Underlying Linked Notes.

The Calculation Agent shall, on behalf of the Issuer, give notice of any adjustments pursuant to this Term to holders of the Equity Linked/Dual Underlying Linked Notes (copied to the Issuer).

6. **Adjustments in respect of Indices or Shares**

6.1 ***Change of Exchange***

If an Exchange is changed, the Issuer shall (acting on the instructions of the Calculation Agent) make such consequential modifications to the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level, Initial Share Price or Initial Value (as applicable) of any Underlying, Interest Amount and/or any other relevant term of the Equity Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer) as the Calculation Agent determines appropriate.

The Calculation Agent, on behalf of the Issuer, shall give notice of such modification(s) to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes (copied to the Issuer).

6.2 ***Price Correction***

In the event that any value or level published on any relevant Exchange or (in respect of indices only) by any relevant Index Sponsor in respect of a Share/Index and which is utilised for any calculation or determination made under the Equity Linked/Index Linked/Dual Underlying Linked Notes is subsequently corrected and the correction is published by the relevant Exchange or the relevant Index Sponsor within three Business Days (or such other period specified in the applicable Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the Issuer will make such adjustments to the terms and conditions of the Equity Linked/Index Linked/Dual Underlying Linked Notes as the Calculation Agent determines to be appropriate to account for such correction.

The Calculation Agent, on behalf of the Issuer, shall give notice of such adjustment(s) to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes (copied to the Issuer).

6.3 ***Currency***

If the Calculation Agent determines that any event occurs affecting the currency of the Equity Linked/Index Linked/Dual Underlying Linked Notes, or, in respect of Shares only, the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to

the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level, Initial Share Price or Initial Value (as applicable) in respect of any Underlying, Interest Amount and/or any other relevant term of the Equity Linked/Index Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer), the Issuer shall (acting on the instructions of the Calculation Agent) make such adjustment or adjustments to the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level, Initial Share Price or Initial Value (as applicable) in respect of any Underlying, Interest Amount and/or any other relevant term of the Equity Linked/Index Linked/Dual Underlying Linked Notes as the Calculation Agent deems necessary.

The Calculation Agent, on behalf of the Issuer, shall give notice to the holders of the Basket Equity Linked/Index Linked/Dual Underlying Linked Notes of any such adjustment(s) (copied to the Issuer).

6.4 ***Additional Disruption Events***

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer shall (acting on the instructions of the Calculation Agent) either (i) make such adjustment, if any, to any one or more of the Automatic Early Redemption Amount, Final Redemption Amount, Instalment Amount, the Initial Index Level, Initial Share Price or Initial Value (as applicable) in respect of any Underlying, Interest Amount and/or any other relevant term of the Equity Linked/Index Linked/Dual Underlying Linked Notes (including the date on which any amount is payable by the Issuer) as the Calculation Agent determines appropriate to account for such Additional Disruption Event, on the effective date of that adjustment (in each case as determined by the Calculation Agent) or (ii) redeem each Equity Linked/Index Linked/Dual Underlying Linked Note at its Fair Market Value as at the date of redemption taking into account such Additional Disruption Event on such date as the Issuer (acting on the instructions of the Calculation Agent) shall notify to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes.

The Issuer (acting on the instructions of the Calculation Agent) shall give notice of any redemption of the Equity Linked/Index Linked/Dual Underlying Linked Notes or determination pursuant to this Term to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes (copied to the Issuer) in accordance with Condition 13 (*Notices*).

7. **Physical Delivery**

The provisions of this Term 7 (*Physical Delivery*) shall apply in the following circumstances only:

(a) "Equity Linked Physical Settlement" is specified as applicable in the Final Terms of an Equity Linked Note, and such Note matures on its Maturity Date or on an Automatic Early Redemption Date; or

(b) "Downside Only Physical Settlement" is specified as applicable in the Final Terms of an Equity Linked Note, and at the Final Valuation Redemption Date (i) if Barrier Condition is applicable, the relevant Barrier Condition is not satisfied and the Final Index Level is less than or equal to the Return Threshold, or (ii) if Barrier Condition is specified as not applicable, the Final Index Level is less than the Return Threshold,

7.2 Where the provisions of this Term 7 (*Physical Delivery*) apply:

(a) *Downside Only Physical Settlement*

Where the provisions of this Term 7 (*Physical Settlement*) apply pursuant to sub-paragraph (b) above, the Issuer shall, no later than two Business Days following the Final Redemption Valuation Date, notify Noteholders in accordance with Condition 13 (*Notices*) that the Notes will be physically settled in accordance with this Term 7 (*Physical Delivery*).

(b) *Delivery of a Share Transfer Notice*

(i) Each Noteholder shall, on or before the date five calendar days before the Maturity Date or Automatic Early Redemption Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant clearing system to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to the relevant clearing system, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.

(ii) A Transfer Notice, once delivered to the relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to the relevant clearing system. A Transfer Notice shall only be valid to the extent that the relevant clearing system has not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.

(iii) If a Noteholder does not provide the Transfer Notice in a timely manner to enable the Issuer and/or the clearing system, if applicable, to effect any required delivery, the Settlement Date shall be postponed accordingly. The Issuer and the relevant clearing system, if applicable, shall determine whether any instructions received by it are sufficient and whether they have been received in time to enable delivery on any given date. As used herein, "**delivery**" means the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Share Transfer Amount and "**deliver**" shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of any Share Transfer Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars or otherwise and shall have no responsibility for the lawfulness of the acquisition or transfer of the Share Transfer Amount any interest therein by any Noteholder or any other person.

(iv) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.

(c) *Delivery of the Share Transfer Amount*

(i) The Issuer shall discharge its obligation to redeem the Notes at the Final Redemption Amount in accordance with Condition 6.1(a)(i) (*Final Redemption*) or the Automatic Early Redemption Amount in accordance with Additional Term 8 (*Automatic Early Redemption*) (as applicable) by delivering, or procuring the delivery of, the Share Transfer Amount on the Settlement Date, provided that no fraction of a Share shall be delivered and Noteholders will be entitled to receive a Cash Residual Amount on the Settlement Date in lieu of such fraction.

(d) Each Noteholder shall be required as a condition of its entitlement to delivery of Shares to pay all Transfer Expenses.

(e) After delivery to or for the account of a Noteholder of the relevant Share Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Shares comprised in such Share Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Shares, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Shares during

the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Shares.

(f) All dividends on Shares to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Shares executed on the Notional Sale Date to be delivered in the same manner as such Shares. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Shares will accrue to Noteholders prior to the Notional Sale Date.

7.3 If the Calculation Agent determines, in its sole and absolute discretion, that a Settlement Disruption Event has occurred in respect of the Share Transfer Amount (or any portion thereof) (such Shares, the "**Affected Assets**"), it shall notify the Issuer (who shall promptly notify the relevant Noteholder(s) of such Settlement Disruption Event), and the Settlement Date in respect of the Affected Assets shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting, provided that:

(a) the Issuer shall attempt to deliver any portion of the Share Transfer Amount which does not comprise Affected Assets on the original Settlement Date;

(b) the Issuer may elect to satisfy its obligations in respect of the relevant Notes by delivering some or all of the Affected Assets in such manner as it may determine and in such event the relevant Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Share Transfer Amount in such other commercially reasonable manner; and

(c) in respect of any Affected Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may, on written notice to the Noteholders, elect to satisfy its obligations in respect of the Notes by payment to the relevant Noteholder of its *pro rata* amount of the Disruption Cash Settlement Price on the Disruption Cash Settlement Date.

No Noteholder shall be entitled to any additional amount in the event of any delay in the delivery of the Share Transfer Amount or payment of the Disruption Cash Settlement Price due to the occurrence of a Settlement Disruption Event.

In respect of this Term 7 (*Physical Delivery*):

"**Disruption Cash Settlement Date**" means the fifth Business Day following the date of the notice of the relevant election to pay the Disruption Cash Settlement Price or such other date as may be specified in the relevant notice.

"**Disruption Cash Settlement Price**" means, in respect of the Notes, an amount in the Settlement Currency equal the market value of such Notes (which shall take into account, where some but not all of the Shares comprising the Share Transfer Amount have been duly delivered pursuant to Term 7.2, the value of such Shares) less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes (all as determined by the Calculation Agent).

"**Exchange Rate**" means the prevailing exchange rate at the Valuation Time on the relevant Valuation Date expressed as the number of units of the Share Currency equivalent to one unit of the Settlement Currency.

"**Physical Settlement Barrier**" shall mean *n* per cent. of the Initial Share Price or Initial Value, as specified in the applicable Final Terms, provided that in respect of Kick Out Notes without Capital at Risk, Upside Notes without Capital at Risk and Range Accrual (Income) Notes without Capital at Risk such percentage shall not be less that 100 per cent.

"**Residual Amount**" means, in relation to a Noteholder, the fraction of a Share rounded down pursuant to Term 7.2, as determined by the Calculation Agent.

"**Residual Cash Amount**" means, in relation to a Noteholder and a Residual Amount, a cash amount in the Settlement Currency determined on the basis of the Final Share Price of the relevant Share (if applicable converted into the Settlement Currency at the Exchange Rate), and if more than one Residual Amount exists in relation to such Noteholder, shall mean the sum of the Residual Cash Amounts calculated in relation to each such Residual Amount.

"**Settlement Cycle**" means, in respect of a Share or a Basket of Shares, the period of Clearing System Business Days following a trade in the relevant Share or each Share comprising the Basket, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of the Shares comprising a Basket, the longest such period).

"**Settlement Disruption Event**" in relation to a Share means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant clearing system cannot clear the transfer of such Share.

"**Settlement Date**" means the later of (i) the Maturity Date or Automatic Early Redemption Date (as applicable) and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the relevant Valuation Date, Final Averaging End Date or Automatic Early Redemption Averaging Date, as applicable (the "**Notional Sale Date**") (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day), or if a Settlement Disruption Event prevents delivery of such Shares on such day, then the Settlement Date shall be determined in accordance with Term 7.2.

"**Share Transfer Amount**" means

(a) in respect of an Equity Linked Note linked to a single Share, the number of such Shares specified in the relevant Final Terms or if no such number is so specified, the number of such Shares calculated by the Calculation Agent as equal to the fraction of which the numerator is the Calculation Amount and the denominator is the Initial Share Price (if applicable, converted to the Settlement Currency at the Exchange Rate); and

(b) in respect of an Equity Linked Note linked to a Basket of Shares, the aggregate of the amounts calculated in relation to each Share comprising the Basket, each such amount calculated as the product of (i) a fraction of which the numerator is the Calculation Amount and the denominator is the Initial Share Price in respect of the relevant share (if applicable, converted to the Settlement Currency at the Exchange Rate), and (ii) the weighting in respect of such Share, *provided that* in respect of a Note to which "Worst of Provisions" are specified as applicable in relation to the determination of Final Value, the relevant weighting of the Worst Performing Share shall be 100 per cent. and in respect of all other Shares shall be zero, and in respect of a Note to which "Best of Provisions" are specified as applicable, the relevant weighting of the Best Performing Share shall be 100 per cent. and in respect of all other Shares shall be zero.

"**Transfer Notice**" means, for the purposes of Equity-Linked Notes only, a notice in the form from time to time approved by the Issuer, which must:

(a) specify the name and address of the Noteholder;

(b) specify the Series Number and ISIN of the Equity Linked Notes and the number of Equity Linked Notes which are the subject of such notice, or in the case of Equity Linked Notes represented by a Global Note, specify the principal amount of Equity Linked Notes which are the subject of such notice;

(c) specify the number of the Noteholder's account at the relevant clearing system to be debited with such Notes;

(d) irrevocably instruct and authorise the relevant clearing system, (A) to debit from the Noteholder's account such Notes on the Settlement Date, if the Issuer elects (or has elected) the Physical Delivery provisions being applicable or otherwise on the Maturity Date or Automatic Early Redemption Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;

(e) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;

(f) specify the number and account name of the account at the relevant clearing system to be credited with the Shares if the Issuer elects (or has elected) the Physical Delivery provisions being applicable;

(g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to the relevant clearing system to debit on or after the Settlement Date the cash or other account of the Noteholder with the relevant clearing system specified in the Transfer Notice with such Transfer Expenses;

(h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and

(i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings.

"**Transfer Expenses**" means any expenses arising from the delivery and/or transfer of the Shares to a Noteholder.

8. **Automatic Early Redemption**

If "Automatic Early Redemption" is specified as being applicable in the applicable Final Terms, then unless previously redeemed or purchased and cancelled, if the Calculation Agent determines that on any Automatic Early Redemption Valuation Date an Automatic Early Redemption Event has occurred, then the Calculation Agent shall promptly notify the Issuer and the Equity Linked/Index Linked/Dual Underlying Linked Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date, and (except to the extent that Term 7 (*Physical Delivery*) is applicable), the Final Redemption Amount payable by the Issuer on such date upon redemption of each Equity Linked/Index Linked/Dual Underlying Linked Note shall be an amount equal to the relevant Automatic Early Redemption Amount.

The Calculation Agent shall, on behalf of the Issuer, give notice of any redemption of the Equity Linked/Index Linked/Dual Underlying Linked Notes or determination pursuant to this Term to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes (copied to the Issuer).

9. **Early Redemption Amount on Early Redemption of Notes**

If all and not some only of the Equity Linked/Index Linked/Dual Underlying Linked Notes are redeemed by the Issuer pursuant to their terms and conditions prior to their scheduled Maturity Date, the Issuer shall redeem each Note at its Fair Market Value as at the date of redemption of the Equity Linked/Index Linked/Dual Underlying Linked Notes on such date as the Issuer (acting on the instructions of the Calculation Agent) shall notify to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes.

The Calculation Agent shall, on behalf of the Issuer, give notice of any redemption of the Equity Linked/Index Linked/Dual Underlying Linked Notes or determination pursuant to this Term to holders of the Equity Linked/Index Linked/Dual Underlying Linked Notes (copied to the Issuer).

10. **Determinations by the Calculation Agent**

The Calculation Agent shall make all determinations required of it pursuant to the terms and conditions of the Equity Linked/Index Linked/Dual Underlying Linked Notes in good faith and acting in a commercially reasonable manner.

ADDITIONAL PROVISIONS NOT REQUIRED BY THE SECURITIES NOTE RELATING TO THE UNDERLYING

Statements regarding the Reference Entity:	[Applicable – [name of Reference Entity]/[Not Applicable]

[STATEMENTS REGARDING THE REFERENCE ENTITY

The Reference Entity has not sponsored or endorsed the Notes or the related plan in any way, nor has it undertaken any obligation to perform any regulated activity in relation to the Notes or the related plan.]

Statements Regarding the FTSE 100 Index: [Applicable/Not Applicable]

[STATEMENTS REGARDING THE FTSE™ 100 INDEX AND FTSE™ ALL-WORLD INDEX]

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DESCRIPTION OF THE EVEN 30™ INDEX

Introduction

Summary

The EVEN 30™ Index (the "**Index**") is designed to track the performance of the thirty least volatile stocks of the 100 largest companies traded on the London Stock Exchange.

The Index has been developed by Investec Bank plc as Index Sponsor and is independently calculated, published and rebalanced by Finvex Group as Index Calculation Agent.

Strategy

The EVEN 30™ has been designed as a lower risk alternative to the FTSE 100 in order to deliver more stable performance. The EVEN 30™ Index tracks the performance of the 30 least volatile stocks from the 100 largest companies listed on the London Stock Exchange. When markets are particularly volatile, the EVEN 30™ will disinvest from its 30 constituent stocks to ensure that risk remains low. The strategy of the EVEN 30™ is to outperform the FTSE 100 over the medium to long term, whilst reducing downside risk.

Description of Selection Process

Thirty equity securities are selected on a monthly basis from a selection universe comprising the equity securities of the 100 largest companies traded on the London Stock Exchange (the "**Selection Universe**"). This selection is made by applying a selection procedure which seeks to identify stable companies based on a risk analysis of the compounded returns (i.e. the cumulative effect of gains and losses on the equity securities) over various historical periods.

The selection procedure consists of several steps. Firstly, all equity securities traded on the London Stock Exchange and included in the Selection Universe are screened to ensure that each potential component is an operating company. Secondly, a series of selection criteria are applied. These criteria aim to determine those securities which demonstrate the most stable risk profile.

Following the above, the thirty equity securities with the lowest perceived risk profile are chosen as the "**Equity Component**" of the index for that particular month. Each equity security is equally weighted within the Equity Component of the Index. The Index tracks the performance of this basket of equity securities (each equity security included in the Equity Component being a "**Component Security**").

The Component Securities are equally-weighted in order to prevent a few large securities from potentially distorting the Index.

To ensure that the risk profile of the Index remains low when markets themselves are highly volatile, the Index also has a "**Volatility Control**". When the volatility of the Index is above a specified level, the Volatility Control reduces exposure to the Equity Component (and invests in a simulated cash component – see "*Volatility Control*" below) until the volatility of the Index falls back to the specified level. The Volatility Control also allows the exposure to the Equity Component to increase (up to a maximum of 100 per cent.), provided that the volatility of the Index remains below the specified level. For clarity, the Equity Component has a 100 per cent. weighting on the first day of each monthly period. Thereafter, the Volatility Control can cause this weighting to fluctuate throughout the rest of the monthly period.

The Index is calculated on a daily basis, based on closing prices and is reported in GBP. The Index has been constructed retrospectively with an initial level of 1,000 as of 16 January 1998.

The Index is rebalanced monthly, and is a price return index that uses the closing price of each of the 30 Component Securities, net of dividends. There are no dividend reinvestments in the Index.

Index Construction

This section outlines the key steps followed in order to determine the composition of the Index, including selection criteria, component security weight, periodic reviews and the target volatility level (i.e. Volatility Control).

Index Base Date, Index Reference Currency and Index Base Level

The Index has the following Index Base Date, Index Reference Currency and Index Base Level:

Index	Index Base Date	Index Reference Currency	Index Base Level
EVEN 30™ Index	16 January 1998	GBP	1,000

The Index has not been calculated on a daily basis since the Index Base Date. The Index has been based at a level of 1,000 and the Index Base Date was chosen to give an adequate amount of historic data. The Index was created on the "Live Date" (16 September 2010) and Index levels have been calculated on a daily basis since the Live Date. The Index levels on the dates between the Live Date and the Index Base Date have been calculated retrospectively.

Selection Criteria

The Selection Universe consists of the equity securities issued by the 100 largest companies whose primary listing is on the London Stock Exchange.

In order to qualify as an "**Eligible Security**", each such equity security must satisfy the following requirements (being the "**Selection Criteria**"):

(i) must relate to an operating company; and

(ii) cannot relate to a Closed-End Fund, Exchange Traded Fund (ETF), Structured Investment Vehicle (SIV) or Royalty Trust.

Prior to the Live Date, the above filter was not applied to the historical constituents of the Index.

The equity securities that form the Equity Component of the Index on the Index Base Date and on each Index Selection Date (see "*Periodic Review*" below) are selected on the following basis from amongst the Eligible Securities in the Selection Universe:

The Eligible Securities are ranked by stability, based on the analysis of risk observed via the compounded price movements of each individual equity security over various periods of between 1 and 3 years. The selection methodology attaches more importance to long-term stability. The 30 most stable Eligible Securities on the Index Base Date and on each Index Selection Date from the List of Eligible Securities (or 'LES', being the "**Component Securities**" that constitute the Index) for the next monthly Index Rebalancing Date and are removed from the Selection Universe for the purpose of creating the Reserve List (or "**RL**") (see below).

Subsequently, the remaining Eligible Securities in the Selection Universe are arranged by sector (using the Global Industry Classification Standard or "**GICS Sector**") and the most stable Eligible Security from each GICS Sector is selected. These 10 Eligible Securities will form the Reserve List. This list will be maintained for the purpose of potentially replacing the originally selected Component Securities, as required, between two Periodic Reviews (see (see "*Periodic Review*" below)). A Component Security may only be replaced by a security appearing on the RL within the same GICS Sector. If this is not possible, the Index Sponsor, in consultation with the Index Calculation Agent will determine in good faith the replacing Eligible Security.

The LES and the RL are determined by the Index Sponsor and the Index Calculation Agent on a monthly basis on each Index Selection Date (see "*Periodic Review*" below).

The Index Sponsor may take into account other criteria in order to exclude any security as an Eligible Security if, in the Index Sponsor's opinion, and in consultation with the Index Calculation Agent, it is

reasonable to do so. Examples of such criteria may include, without limitation: (a) restrictions related to the holding by the Index Sponsor (or any entity of the Index Sponsor) of any Component Security, or (b) uncertainty expressed by the Index Sponsor (or any entity of the Index Sponsor) concerning the tax treatment of any holding or proposed holding of any Component Security and/or of the dividends of any Component Security.

Neither the Index Sponsor nor the Index Calculation Agent accept or shall incur any liability for inaccuracies or errors in making any such selections.

Additional changes to the LES and/or to the RL may be required further to certain corporate actions affecting issuers of equity securities within the Selection Universe or equity securities within the Selection Universe, as determined by the Index Calculation Agent together with the Index Sponsor.

Equal Component Security Weight

The weighting of the Component Securities is designed to be equal on each monthly Index Rebalancing Date.

Periodic Review

The Periodic Review is carried out in accordance with the following review timetable, using the latest available data:

Index Selection Date	means the fourteenth calendar day of each month unless such day is not a day on which the London Stock Exchange is open or is a disrupted day. If this is the case the next day on which the London Stock Exchange is open and which is not a disrupted day shall be the Index Selection Date. The Index Base Date is 16 January 1998, using data available at Close of Business on 14 January 1998. New Component Securities for the Index are determined based on the Selection Universe for each Index Selection Date.
Index Rebalancing Date	means the date which is two days (being days on which the London Stock Exchange is open and which are not a disrupted days) immediately following the Index Selection Date in each month. On this date the new Component Securities become the Equity Component and the Index weight allocated to the Equity Component is reset to 100 per cent.

Volatility Control

In order to ensure the stability of the Index, the proportion of the Index that is made up by the Equity Component (being the 30 Component Securities that constitute the Index) can be reduced in times of high volatility, in which case the remainder will be made up of a simulated 'cash' allocation (the "**Cash Component**") that gives no return.

Any reduction in the allocation to the Equity Component is calculated by comparing the realised volatility of the Equity Component over the previous 22 days to a floating "Target Volatility Level". The Target Volatility Level is calculated as a percentage of the realised volatility of the Selection Universe (the 100 Eligible Securities from which the 30 Component Securities are chosen).

The purpose of the Target Volatility Level is to limit the volatility of the Index when markets in general are highly volatile.

When the realised volatility of the Equity Component (over the previous 22 days) is higher than the Target Volatility Level, the ratio of the Target Volatility Level to the volatility of the Equity Component is recorded and the proportion of the Index allocated to the Equity Component is set to be equal to this amount, with the remainder allocated to the Cash Component.

Conversely, the Index allocation to the Equity Component may also be increased (subject to a maximum of 100 per cent.) where the ratio of the Target Volatility Level to the realised volatility of the Equity Component increases.

This target volatility calculation is performed daily to ensure the stability of the Index, and as a result the proportions of the Equity Component and Cash Component may change on a daily basis.

Index Calculation

The composition of the Index is calculated according to the methodology outlined above. The level of the Index is calculated with reference to both the daily price movements of the 30 Component Securities and the Index proportion allocated to the Equity Component and Cash Component.

Index levels are calculated at close of business on a daily basis (GMT) and are reported in GBP. Index levels for any particular day are published on the following Business Day on Bloomberg (ticker: EVEN 30™ <INDEX>) and on www.investecstructuredproducts.com

DESCRIPTION OF THE EURO 70™ LOW VOLATILITY INDEX

Introduction

Summary

The EURO 70™ Low Volatility Index (the "**Index**") is designed to track the performance of the seventy least volatile stocks of the 300 largest companies listed on specified European exchanges.

The Index has been developed by Investec Bank plc as Index Sponsor and is independently calculated, published and rebalanced by Finvex Group as Index Calculation Agent.

Strategy

The Index has been designed as a lower risk alternative to traditional European equity indices in order to deliver more stable performance. The Index tracks the performance of the 70 least volatile stocks from the 300 largest companies listed on a range of specified European exchanges. When markets are particularly volatile, the Index will disinvest from its 70 constituent stocks to ensure that risk remains low. The strategy of the Index is to outperform other European equity indices over the medium to long term, whilst reducing downside risk

Description of Selection Process

Seventy equity securities are selected on a monthly basis from a selection universe comprising the 300 most highly capitalised companies listed on the primary exchange of 15 specified European countries (the "**Selection Universe**"). This selection is made by applying a selection procedure designed by the Index Sponsor, which seeks to identify stable companies based on a risk analysis of the compounded returns (i.e. the cumulative effect of gains and losses on the equity securities) over various historical periods.

The selection procedure consists of several steps. Firstly, all equity securities included in the Selection Universe are screened to ensure that each potential component is an operating company. Secondly, a series of selection criteria are applied. These criteria aim to determine those securities which demonstrate the most stable risk profile.

Following the above, the seventy equity securities with the lowest perceived risk profile are chosen as the "**Equity Component**" of the Index for that particular month. Each equity security is equally weighted within the Equity Component of the Index. The Index tracks the performance of this basket of equity securities (each equity security included in the Equity Component being a "**Component Security**").

The Component Securities are equally-weighted in order to prevent a few large securities from potentially distorting the Index.

To ensure that the risk profile of the Index remains low when markets themselves are highly volatile, the Index also has a "**Volatility Control**". When the volatility of the Index is above a specified level, the Volatility Control reduces exposure to the Equity Component (and invests in a simulated cash component – see "*Volatility Control*" below) until the volatility of the Index falls back to the specified level. The Volatility Control also allows the exposure to the Equity Component to increase (up to a maximum of 100 per cent.), provided that the volatility of the Index remains below the specified level.

The Index is calculated on a daily basis, based on closing prices and is reported in EUR. The Index has been constructed retrospectively with an initial level of 1,000 as of 2 January 1998.

The Index is rebalanced monthly, and is a price return index that uses the closing price of each of the 70 Component Securities, net of dividends. There are no dividend reinvestments in the Index.

Index Construction

This section outlines the key steps followed in order to determine the composition of the Index, including selection criteria, component security weight, periodic reviews and the target volatility level (i.e. Volatility Control).

Index Base Date, Index Reference Currency and Index Base Level

The Index has the following Index Base Date, Index Reference Currency and Index Base Level:

Index	**Index Base Date**	**Index Reference Currency**	**Index Base Level**
EURO 70™ Low Volatility Index	2 January 1998	EUR	1,000

Selection Criteria

The Selection Universe consists of the equity securities issued by the 300 largest companies listed on the primary exchanges in the following geographies:

(i) Austria

(ii) Belgium

(iii) Denmark

(iv) Finland

(v) France

(vi) Germany

(vii) Italy

(viii) Ireland

(ix) Netherlands

(x) Norway

(xi) Portugal

(xii) Spain

(xiii) Sweden

(xiv) Switzerland

(xv) United Kingdom

In order to qualify as an "**Eligible Security**", each such equity security must satisfy the following requirements (being the "**Selection Criteria**"):

(i) must relate to an operating company;

(ii) cannot relate to a Closed-End Fund, Exchange Traded Fund (ETF), Structured Investment Vehicle (SIV) or Royalty Trust; and

(iii) must exhibit at least two years of price history.

The equity securities that form the Equity Component of the Index on the Index Base Date and on each Index Selection Date (see "*Periodic Review*" below) are selected on the following basis from amongst the Eligible Securities in the Selection Universe.

The Eligible Securities are ranked by stability, based on the analysis of risk observed via the compounded price movements of each individual equity security over various periods of between 1 and 2 years. The 70 most stable Eligible Securities on each Index Selection Date from the List of Eligible Securities (or 'LES', being the "**Component Securities**" that constitute the Index) for the next monthly Index Rebalancing Date and are removed from the Selection Universe for the purpose of creating the Reserve List (or "**RL**") (see below).

Subsequently, the 20 most stable Eligible Securities within the Selection Universe (excluding the 70 Eligible Securities within the LES) will constitute the RL. This list will be maintained for the purpose of potentially replacing the originally selected Component Securities, as required, between two Periodic Reviews (see "*Periodic Review*" below). A Component Security may only be replaced by a security appearing on the RL. If this is not possible, the Index Sponsor, in consultation with the Index Calculation Agent will determine in good faith the replacing Eligible Security.

The LES and the RL are determined by the Index Sponsor and the Index Calculation Agent on a monthly basis on each Index Selection Date (see "*Periodic Review*" below).

The Index Sponsor may take into account other criteria in order to exclude any security as an Eligible Security if, in the Index Sponsor's opinion, and in consultation with the Index Calculation Agent, it is reasonable to do so. Examples of such criteria may include, without limitation: (a) restrictions related to the holding by the Index Sponsor (or any entity of the Index Sponsor) of any Component Security, or (b) uncertainty expressed by the Index Sponsor (or any entity of the Index Sponsor) concerning the tax treatment of any holding or proposed holding of any Component Security and/or of the dividends of any Component Security.

Neither the Index Sponsor nor the Index Calculation Agent accept or shall incur any liability for inaccuracies or errors in making any such selections.

Additional changes to the LES and/or to the RL may be required further to certain corporate actions affecting issuers of equity securities within the Selection Universe or equity securities within the Selection Universe, as determined by the Index Calculation Agent together with the Index Sponsor.

Equal Component Security Weight

The weighting of the Component Securities is designed to be equal on each monthly Index Rebalancing Date.

Periodic Review

The Periodic Review is carried out in accordance with the following review timetable, using the latest available data:

Index Selection Date	means the first calendar day of each month unless such day is not a TARGET business day. If this is the case the next day which is a TARGET business day and which is not a disrupted day shall be the Index Selection Date. The Index Base Date is 2 January 1998 using data available at Close of Business on 30 December 1997. New Component Securities for the Index are determined based on the Selection Universe for each Index Selection Date.
Index Rebalancing Date	means the date which is two TARGET business days immediately following the Index Selection Date in each month. On this date the new Component Securities become the Equity Component.

Volatility Control

In order to ensure the stability of the Index, the proportion of the Index that is made up by the Equity Component (being the 70 Component Securities that constitute the Index) can be reduced in times of high volatility, in which case the remainder will be made up of a simulated 'cash' allocation (the "**Cash Component**") that gives no return.

Any reduction in the allocation to the Equity Component is calculated by comparing the realised volatility of the Equity Component over the previous 22 days to a fixed "Target Volatility Level". The Target Volatility Level is fixed at 8 per cent.

The purpose of the Target Volatility Level is to limit the volatility of the Index when markets in general are highly volatile.

When the realised volatility of the Equity Component (over the previous 22 days) is higher than the Target Volatility Level, the Index will proportionally reduce exposure from the Equity Component into the Cash Component.

Conversely, the Index allocation to the Equity Component may also be increased (subject to a maximum of 100 per cent.) where the realised volatility of the Equity Component is lower than the Target Volatility Level.

This target volatility calculation is performed daily to ensure the stability of the Index, and as a result the proportions of the Equity Component and Cash Component may change on a daily basis.

Index Calculation

The composition of the Index is calculated according to the methodology outlined above. The level of the Index is calculated with reference to both the daily price movements of the 70 Component Securities and the Index proportion allocated to the Equity Component and Cash Component.

Index levels are calculated at close of business on a daily basis and are reported in EUR. Index levels for any particular day are published on the following Business Day on Bloomberg (ticker: EURO70 <INDEX>) and on www.investecstructuredproducts.com

PART C – INFLATION LINKED NOTES

FURTHER INFORMATION RELATING TO INFLATION LINKED NOTES

Under the Programme, the Issuer may from time to time issue "**Inflation Linked Notes**", being Notes in relation to which the interest payable and/or redemption amount payable at maturity is determined by reference to the performance of an inflation linked index (the "**Inflation Index**") over a defined period, as may be specified in the applicable Final Terms of each Series of Notes. This Part provides information in relation to such Inflation Linked Notes, including the terms for Inflation Linked Notes set out below and information in relation to the following types of Inflation Linked Notes that may be issued:

(i) Inflation Linked Notes without Capital at Risk;

(ii) Inflation (Interest Only) Linked Notes without Capital at Risk; and

(iii) Inflation Linked Notes with Capital at Risk,

This Part should be read together with Part A of this Base Prospectus.

Additional Terms for Inflation Linked Notes

If the Notes are specified in the relevant Final Terms as being one of the types of Inflation Linked Notes listed above, the Conditions applicable to the Notes shall be supplemented by the terms (the "**Terms**") for Inflation Linked Notes.

In the event of any inconsistency between any of these Terms and the Conditions, or any statement in or incorporated by reference into the Base Prospectus, the Terms will prevail for the purposes of the Inflation Linked Notes. In the event of any inconsistency between any of these Terms and the Final Terms in relation to the Inflation Linked Notes, the Final Terms shall prevail.

Redemption Provisions

The Notes will also be subject to a set of redemption provisions ("**Redemption Provisions**") relating to the type of Inflation Linked Notes being issued, as specified in the Final Terms. Such Redemption Provisions shall be included in and form part of the Terms of the Notes. Such Redemption Provisions will govern the amount payable upon redemption of the Notes and any amounts payable during the term of such Notes.

The Final Terms will also contain certain elections required to be completed for the relevant interest and/or redemption provisions.

Risk Factors in relation to the Inflation Linked Notes

An investment in Inflation Linked Notes involves risks. For the risks involved, please see the section entitled "*Risk Factors"* set out in Part A of the Base Prospectus and in particular the section entitled "*Risk Factors related to Inflation Linked Notes"*.

REDEMPTION PROVISIONS IN RESPECT OF INFLATION LINKED NOTES

Inflation Linked Notes issued under the Programme may have a redemption amount and/or interest payments which are linked to an inflation linked index (the "**Inflation Index**") over a defined period in accordance with the provisions set out below.

The terms and conditions of Inflation Linked Notes may include one or any of the provisions set out below (or any combination thereof), as specified in the applicable Final Terms.

1. **Inflation Linked Notes without Capital at Risk**

A. ***Further Information relating to Inflation Linked Notes without Capital at Risk***

Inflation Linked Notes without capital at risk are Inflation Linked Notes that:

(a) may, if "Underlying Linked Interest" is specified as applicable in the applicable Final Terms, bear interest at a fixed rate that is adjusted to take account of the change in the level of the Inflation Index between (i) a specified month prior to the Issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date; and

(b) have a Final Redemption Amount that is adjusted to take account of the change in the level of the Inflation Index between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes, with the Final Redemption Amount being subject to a Minimum Return at least equal to par.

The Notes may (in addition to or instead of the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and market examples relating to Inflation Linked Notes without Capital at Risk can be found at pages 161 to 163 of the Base Prospectus.

B. ***Formulae for Rate of Interest and Final Redemption Amounts relating to Inflation Linked Notes potentially to be included in Final Terms***

Interest Amount

If "Underlying Linked Interest" is specified as applicable in the applicable Final Terms, interest determined in accordance with the below will be payable in respect of the Inflation Linked Notes without Capital at Risk.

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the provisions of Condition 4(a) (*Interest on Fixed Rate Notes*) shall apply save that the Rate of Interest for any Interest Period shall be an amount determined by the Calculation Agent in accordance with the following formula:

Fixed Rate of Interest × (Current Inflation Level / Initial Inflation Level)

Where:

"**Fixed Rate of Interest**" has the meaning given to in the applicable Final Terms;

"**Initial Inflation Level**" or "**IIL**" means the Initial Inflation Level as specified in the applicable Final Terms, or if a Reference Month is specified for the Initial Inflation Level, the level of the Inflation Index determined by the Calculation Agent in respect of that Reference Month;

"**Current Inflation Level**" in respect of an Interest Payment Date the level of Inflation Index determined in respect of the Reference Month specified in the Final Terms for such Interest Payment Date.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of the Note on its Maturity Date shall be an amount determined by the Calculation Agent in accordance with the following formula:

$$\text{Specified Denomination} \times \left[100\% + \text{Max} \left\{ \text{Minimum Return}, \left(\frac{\text{FIL} - \text{IIL}}{\text{IIL}} \right) \right\} \right]$$

Where:

"**Final Inflation Level**" or "**FIL**" means the level of Inflation Index determined in respect of the Reference Month relating to the Maturity Date as specified in the applicable Final Terms; and

"**Minimum Return**" has the meaning given to it in the Final Terms, if applicable.

(*please note that if a Minimum Return is specified as being Not Applicable in the Final Terms, the Minimum Return shall be zero*)

2. **Inflation (Interest Only) Linked Notes without Capital at Risk**

A. ***Further Information relating to Inflation (Interest Only) Linked Notes without capital at risk***

Inflation (Interest Only) Linked Notes without capital at risk are Inflation Linked Notes that:

(a) pay an amount of interest determined by the change in the level of the Inflation Index between (i) a specified month prior to the previous Interest Payment Date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant Interest Payment Date. Such interest payments may further include an additional fixed amount of interest ("**Margin**") and may be subject to a Minimum Rate of Interest and/or a Maximum Rate of Interest; and

(b) pay a Final Redemption Amount equal to par (regardless of the performance of the Inflation Index).

The Notes may also bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and market examples relating to Inflation (Interest Only) Linked Notes without Capital at Risk can be found at pages 164 to 165 of the Base Prospectus.

B. ***Formulae for Rate of Interest and Final Redemption Amounts relating to Inflation (Interest Only) Linked Notes potentially to be included in the Final Terms***

Interest Amount

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the provisions of Condition 4(a) (*Interest on Fixed Rate Notes*) shall apply save that the Rate of Interest for any Interest Period shall be an amount determined by the Calculation Agent in accordance with the following formula:

$$\text{Max} \left[\text{Minimum Rate of Interest}, \text{Min} \left[\text{Maximum Rate of Interest}, \left(\frac{\text{CIL} - \text{PIL}}{\text{PIL}} \right) + \text{Margin} \right] \right]$$

(provided that, if Minimum Rate of Interest or Maximum Rate of Interest is specified as being Not Applicable in the Final Terms, the Minimum Rate of Interest shall be zero and/or the Maximum Rate of Interest shall be unlimited).

Where:

"**Current Inflation Level**" or "**CIL**" means, in respect of an Interest Payment Date, the level of the Inflation Index determined by the Calculation Agent in respect of the Reference Month specified in the applicable Final Terms for such Interest Payment Date;

"**Initial Inflation Level**" or "**IIL**" means the Initial Inflation Level as specified in the applicable Final Terms, or if a Reference Month is specified for the Initial Inflation Level, the level of the Inflation Index determined by the Calculation Agent in respect of that Reference Month;

"**Margin**" means *n* per cent., as specified in the applicable Final Terms;

"**Minimum Rate of Interest**" means *n* per cent., as specified in the applicable Final Terms;

"**Maximum Rate of Interest**" means *n* per cent., as specified in the applicable Final Terms;

"**Previous Inflation Level**" or "**PIL**" means, in respect of an Interest Payment Date, the level of Inflation Index determined by the Calculation Agent in respect of the Reference Month specified in the Final Terms applicable to the immediately preceding Interest Payment Date, or in relation to the first Interest Payment Date, the Initial Inflation Level.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of the Note on its Maturity Date will be an amount equal to:

Specified Denomination x 100 per cent.

3. **Inflation Linked Notes with Capital at Risk**

A. ***Further Information relating to Inflation Linked Notes with Capital at Risk***

Inflation Linked Notes with capital at risk are Inflation Linked Notes that:

(a) may, if "Underlying Linked Interest" is specified as applicable in the applicable Final Terms, bear interest at a fixed rate that is adjusted to take account of the change in the level of the Inflation Index between (i) a specified month prior to the Issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date; and

(b) have a Final Redemption Amount that is adjusted to take account of the change in the level of the Inflation Index between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes.

The Notes may (in addition to or instead of the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and market examples relating to Inflation Linked Notes with Capital at Risk can be found at pages 166 to 168 of the Base Prospectus.

B. ***Formulae for Rate of Interest and Final Redemption Amounts relating to Inflation Linked Notes with Capital at Risk potentially to be included in Final Terms***

Interest Amount

If "Underlying Linked Interest" is specified as applicable in the applicable Final Terms, interest determined in accordance with the below will be payable in respect of the Inflation Linked Notes with Capital at Risk.

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the provisions of Condition 4(a) (*Interest on Fixed Rate Notes*) shall

apply save that the Rate of Interest for any Interest Period shall be an amount determined by the Calculation Agent in accordance with the following formula:

Fixed Rate of Interest × (Current Inflation Level / Initial Inflation Level)

Where:

"**Current Inflation Level**" or "**CIL**" means, in respect of an Interest Payment Date, the level of the Inflation Index determined by the Calculation Agent in respect of the Reference Month specified in the applicable Final Terms for such Interest Payment Date;

"**Fixed Rate of Interest**" has the meaning given to it in the applicable Final Terms;

"**Initial Inflation Level**" or "**IIL**" means the Initial Inflation Level as specified in the applicable Final Terms, or if a Reference Month is specified for the Initial Inflation Level, the level of the Inflation Index determined by the Calculation Agent in respect of that Reference Month;

Instalment Redemption Amount

If the Final Terms specify that the Instalment Amount is Inflation Linked, the Instalment Amount in respect of an Instalment Date shall be an amount determined by the Calculation Agent in accordance with the following formula:

Instalment Reduction × (Instalment Inflation Level / Initial Inflation Level)

Where:

"**Instalment Inflation Level**" in respect of an Instalment Date, the level of Inflation Index determined in respect of the Reference Month specified in the Final Terms for the corresponding Instalment Date.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of the Note on its Maturity Date shall be an amount determined by the Calculation Agent in accordance with the following formula:

Specified Denomination × (Final Inflation Level / Initial Inflation Level)

"**Final Inflation Level**" or "**FIL**" means the level of Inflation Index determined in respect of the Reference Month relating to the Maturity Date as specified in the applicable Final Terms.

TERMS FOR INFLATION LINKED NOTES

If the Notes are identified as "Inflation Linked Notes" in the Final Terms, the Conditions applicable to the Notes shall be supplemented by the following Terms for the Inflation Linked Notes. The Conditions apply to all Inflation Linked Notes and, in the event of any inconsistency between any of these Terms and the Conditions, or any statement in or incorporated by reference into the Base Prospectus, these Terms will prevail for the purposes of the Inflation Linked Notes. In the event of any inconsistency between any of these Terms or any statement in or incorporated by reference into the Base Prospectus, and the Final Terms in relation to the Inflation Linked Notes, the Final Terms shall prevail.

1. **Definitions**

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

"**Additional Disruption Event**" means each of Change in Law and Hedging Disruption;

"**Change in Law**" means that, on or after the Issue Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

(a) it is unable to perform its obligation in respect of the Inflation Linked Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Inflation Linked Notes; or

(b) it or any of its affiliates would incur a materially increased cost (including, without limitation, in respect of any solvency or capital requirements or any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) in maintaining the Inflation Linked Notes in issue or in holding, acquiring or disposing of any relevant hedge positions of the Inflation Linked Notes;

"**Cut-Off Date**" means, in respect of a Determination Date, three Business Days prior to such Determination Date;

"**Delayed Inflation Index Level Event**" means, in respect of any Determination Date, that the relevant Index Sponsor fails to publish or announce the level of the relevant Inflation Index (the "**Relevant Level**") in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer or the Calculation Agent in respect of such Determination Date, at any time on or prior to the Cut-Off Date;

"**Determination Date**" means any date on which the Calculation Agent is required to determine the level of the Inflation Index;

"**Fallback Bond**" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to the Inflation Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation Linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation Linked bonds issued on or before the Issue Date and, if there is more than one inflation Linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the

time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged);

"**Hedging Disruption**" means that the Issuer and/or any of its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge the equity price risk or any other relevant price risk, including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Inflation Linked Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or option contract(s) or any relevant hedge positions relating to the Inflation Linked Notes;

"**Increased Cost of Hedging**" means that the Issuer and/or any of its affiliates would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Inflation Linked Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its respective affiliates shall not be deemed an Increased Cost of Hedging;

"**Inflation Index Cancellation**" means a level for the relevant Inflation Index has not been published or announced for two consecutive months and/or the relevant Inflation Index Sponsor cancels the Inflation Index and/or the relevant Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index and no Successor Inflation Index exists;

"**Inflation Index Modification**" means the relevant Inflation Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the relevant Inflation Index or in any other way materially modifies the Inflation Index;

"**Inflation Index Sponsor**" means the entity that publishes or announces (directly or through an agent) the level of the relevant Inflation Index which as of the Issue Date of the Inflation Linked Notes is the index sponsor;

"**Inflation Index**" means an index specified in the applicable Final Terms or any Successor Inflation Index thereto;

"**Optional Additional Disruption Event**" means Increased Cost of Hedging, if specified in the applicable Final Terms;

"**Rebased Inflation Index**" has the meaning given to it under Term 4 *(Adjustments)*;

"**Reference Month**" means the calendar month for which the level of the relevant Inflation Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported;

"**Related Bond**" means the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the relevant Maturity Date, unless "Fallback Bond: Not applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination;

"**Related Bond Redemption Event**" means, if specified as applicable in the applicable Final Terms, at any time prior to the Maturity Date, (a) the Related Bond is redeemed, repurchased or

cancelled, (b) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (c) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity;

"**Relevant Level**" has the meaning given to it in the definition of Delayed Inflation Index Level Event;

"**Successor Inflation Index**" has the meaning given to it in under Term 3 *(Successor Inflation Index)*; and

"**Substitute Inflation Index Level**" means, in respect of a Delayed Inflation Index Level Event, the index level determined by the Issuer in accordance with Term 2 *(Delay in Publication)*.

2. **Delay in Publication**

If the Calculation Agent determines that a Delayed Inflation Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation or determination to be made by the Calculation Agent and/or the Issuer with respect to such Determination Date (the "**Substitute Inflation Index Level**") shall be determined by the Calculation Agent (subject to Term 4.2 *(Substitute Inflation)* below), as follows:

2.1 if Related Bond is specified as applicable in the applicable Final Terms, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or

2.2 if (i) Related Bond is specified as not applicable in the applicable Final Terms, or (ii) the Calculation Agent is not able to determine a Substitute Inflation Index Level under Term 2.1 above, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

[Substitute Inflation Index Level = Base Level x (Latest Level/Reference Level)]; or

2.3 otherwise in accordance with any formula specified in the applicable Final Terms,

Where:

"**Base Level**" means the level of the relevant Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined.

"**Latest Level**" means the level of the relevant Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined.

"**Reference Level**" means the level of the relevant Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall promptly give notice to holders of the Inflation Linked Notes (the "**Inflation Linked Noteholders**") in accordance with Condition 13 (*Notices*) of any Substitute Inflation Index Level.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the applicable Final Terms, such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Term 2 (*Delay in Publication*) will be the definitive level for that Reference Month.

3. **Successor Inflation Index**

If the Calculation Agent determines that the level of an Inflation Index is not calculated and announced by the relevant Inflation Index Sponsor for two consecutive months and/or the relevant Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index and/or the relevant Inflation Index Sponsor cancels the Inflation Index, then the Calculation Agent shall determine a successor index (a "**Successor Inflation Index**") (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Linked Notes as follows:

3.1 if Related Bond is specified as applicable in the applicable Final Terms, the Calculation Agent shall determine a "**Successor Inflation Index**" by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;

3.2 if (x) Related Bond is specified as not applicable in the Final Terms or (y) a Related Bond Redemption Event has occurred and Fallback Bond is specified as not applicable in the applicable Final Terms, the relevant Inflation Index Sponsor announces that it will no longer publish or announce the Inflation Index but that it will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement Inflation Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the Inflation Index, such replacement index shall be designated a "**Successor Inflation Index**";

3.3 if no Successor Inflation Index has been deemed under (a) or (b) the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be; if between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, such index will be deemed the "**Successor Inflation Index**"; if three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the "**Successor Inflation Index**"; if fewer than three responses are received by the Cut-Off Date the Calculation Agent will determine an appropriate alternative index for such affected payment date, and such index will be deemed a "**Successor Inflation Index**"; or

3.4 if the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Inflation Index and an Inflation Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Inflation Index shall be deemed to replace the Inflation Index for the purposes of the Inflation Linked Notes. Notice of the determination of a Successor Inflation Index, the effective date of the Successor Inflation Index or the occurrence of an Inflation Index Cancellation will be given to Inflation Linked Noteholders by the Issuer in accordance with Condition 13 (*Notices*).

4. **Adjustments**

4.1 ***Successor Inflation Index***

If a Successor Inflation Index is determined in accordance with Term 3 *(Successor Inflation Index)*, the Calculation Agent may make any adjustment or adjustments (without limitation) to any amount payable under the Inflation Linked Notes and/or any other relevant term of the Inflation Linked Notes as the Calculation Agent deems necessary. The Issuer shall give notice to the Inflation Linked Noteholders of any such adjustment in accordance with Condition 13 *(Notices)*.

4.2 ***Substitute Inflation Level***

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with Term 2 (*Delay in Publication*), the Issuer may make any adjustment or adjustments (without limitation) to (x) the Substitute Inflation Index Level determined in accordance with Term 2 (*Delay in Publication*) and/or (y) any amount payable under the Inflation Linked Notes and/or any other relevant term of the Inflation Linked Notes, in each case, as the Calculation Agent deems

necessary. The Issuer shall give notice to the Inflation Linked Noteholders of any such adjustment in accordance with Condition 13 (*Notices*).

4.3 ***Inflation Index Level Adjustment Correction***

(a) The first publication or announcement of the Relevant Level (disregarding estimates) by the Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to Term 4.5(B) (*Rebasing*) below, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP National-Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index (HCPI), revisions to the Relevant Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination Date will be valid and the revised Relevant Level for the relevant Reference Month will be deemed to be the final and conclusive Relevant Level for such Reference Month. The Issuer shall give notice to the Inflation Linked Noteholders of any valid revision in accordance with Condition 13 (*Notices*).

(b) If, within 30 days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Inflation Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to any amount payable under the Inflation Linked Notes and/or any other relevant term of the Inflation Linked Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the Inflation Linked Noteholders of any such adjustment and/or amount in accordance with Condition 13 (*Notices*).

(c) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Inflation Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Inflation Linked Notes and that the Substitute Inflation Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) request the Issuer to make any adjustment to any amount payable under the Inflation Linked Notes and/or any other relevant term of the Inflation Linked Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the Inflation Linked Noteholders of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with Condition 13 (*Notices*).

4.4 ***Currency***

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to any amount payable under the Inflation Linked Notes, and/or any other relevant term of the Inflation Linked Notes (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to such amount and/or any other relevant term of the Inflation Linked Notes as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the Inflation Linked Noteholders of any such adjustment in accordance with Condition 13 *(Notices)*.

4.5 ***Rebasing***

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Inflation Index**") will be used for purposes of determining the Relevant Level from the date of such rebasing; **provided**, **however**, **that** the Calculation Agent may make:

(a) if Related Bond is specified as applicable in the applicable Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Inflation Index so that the Rebased Inflation Index levels reflect the same rate of inflation as before the rebasing, and/or

(b) if Related Bond is specified as not applicable in the applicable Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Inflation Index so that the Rebased Inflation Index levels reflect the same rate of inflation as the Inflation Index before it was rebased and in each case the Issuer may make any adjustment(s) to any amount payable under the Inflation Linked Notes and/or any other term of the Inflation Linked Notes as the Calculation Agent may deem necessary.

If the Calculation Agent determines that neither (a) nor (b) above would produce a commercially reasonable result, the Calculation Agent may redeem each Inflation Linked Note on a date notified by the Issuer to Inflation Linked Noteholders in accordance with Condition 13 *(Notices)* at its Fair Market Value as determined by the Calculation Agent taking into account the rebasing. Notice of any adjustment, redemption of the Inflation Linked Notes or determination pursuant to this paragraph shall be given to Inflation Linked Noteholders in accordance with Condition 13 *(Notices)*.

4.6 ***Inflation Index Modification***

(a) If on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Inflation Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the applicable Final Terms, make any adjustments to the Inflation Index, any Relevant Level and/or any other relevant term of the Inflation Linked Notes (including, without limitation, any amount payable under the Inflation Linked Notes), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred make only those adjustments to the relevant Inflation Index, any Relevant Level and/or any other term of the Inflation Linked Notes (including, without limitation, any amount payable under the Inflation Linked Notes), as the Calculation Agent deems necessary for the modified Inflation Index to continue as the Inflation Index and to account for the economic effect of the Inflation Index Modification.

(b) If the Calculation Agent determines that an Inflation Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either (i) to ignore such Inflation Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Inflation Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of sub-paragraph (a) above will apply, or, (ii) notwithstanding that the Inflation Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (a) above.

4.7 ***Consequences of an Additional Disruption Event or an Optional Additional Disruption Event***

If the Calculation Agent determines that an Additional Disruption Event and/or an Optional Additional Disruption Event has occurred, the Issuer may redeem each Inflation Linked Note on the date notified by the Issuer to Inflation Linked Noteholders in accordance with Condition 13 (*Notices*) at its Fair Market Value taking into account the relevant Additional Disruption Event

and/or Optional Additional Disruption Event, as the case may be. Notice of any redemption of the Inflation Linked Notes shall be given to Inflation Linked Noteholders in accordance with Condition 13 (*Notices*).

4.8 ***Inflation Index Cancellation***

If the Calculation Agent determines that an Inflation Index Cancellation has occurred, the Issuer may redeem each Inflation Linked Note on the date notified by the Issuer to Inflation Linked Noteholders in accordance with Condition 13 (*Notices*) at its Fair Market Value taking into account the Inflation Index Cancellation. Notice of any redemption of the Inflation Linked Notes pursuant to this paragraph shall be given to Inflation Linked Noteholders in accordance with Condition 13 (*Notices*).

PART D – COMBINED UNDERLYING LINKED NOTES

FURTHER INFORMATION RELATING TO COMBINED UNDERLYING LINKED NOTES

Under the Programme, the Issuer may from time to time issue "**Combined Underlying Linked Notes**", being Notes in relation to which the interest amounts and/or the redemption amount payable at maturity is determined by reference to the performance of a combination of equity underlying (being a single share, a basket of shares, an index or a basket of indices) (being the "**Risk Underlying**") and an inflation linked index (the "**Return Underlying**") over a defined period. This Part provides information in relation to such Combined Underlying Linked Notes, including the terms for Combined Underlying Linked Notes set out below and information in relation to Combined Underlying Linked Upside Notes with Capital at Risk and Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk.

This Part should be read together with Part A of this Base Prospectus.

Additional Terms for Combined Underlying Linked Notes

If the Notes are specified in the relevant Final Terms as Combined Underlying Linked Notes, the Conditions applicable to the Notes shall be supplemented by the terms (the "**Terms**") for Combined Underlying Linked Notes.

In the event of any inconsistency between any of these Terms and the Conditions, or any statement in or incorporated by reference into the Base Prospectus, the Terms will prevail for the purposes of the Combined Underlying Linked Notes. In the event of any inconsistency between any of these Terms and the Final Terms in relation to the Combined Underlying Linked Notes, the Final Terms shall prevail.

Redemption Provisions

The Notes will also be subject to a set of redemption provisions ("**Redemption Provisions**") relating to the type of Combined Underlying Linked Notes being issued, as specified in the Final Terms. Such Redemption Provisions shall be included in and form part of the Terms of the Notes. Such Redemption Provisions will govern the amount payable upon redemption of the Notes and any amounts payable during the term of such Notes.

The Final Terms will also contain certain elections required to be completed for the relevant redemption provisions.

Risk Factors in relation to the Combined Underlying Linked Notes

An investment in Combined Underlying Linked Notes involves risks. For the risks involved, please see the section entitled "*Risk Factors"* set out in Part A of the Base Prospectus and in particular the section entitled "*Risk Factors related to Combined Underlying Linked Notes"*.

REDEMPTION PROVISIONS IN RESPECT OF COMBINED UNDERLYING LINKED NOTES

For ease of reference the redemption provisions set out below assume that the "Risk Underlying" is a single Share. However, the redemption provisions apply equally where the Risk Underlying is specified to be a single Index, a Basket of Indices or a Basket of Shares in the same manner as where the Risk Underlying is a single Share. Consequently, in these redemption provisions, where applicable, references to "Share" shall be construed as references to "Index", "Basket of Shares" or "Basket of Indices", references to "Price" shall be construed as references to "Level" in respect of a single Index or a Basket of Indices and "Value" in respect of a Basket of Shares, references to "Initial Share Price" shall be construed as references to "Initial Value" in respect of a Basket of Shares, "Initial Index Level" in respect of a single Index or a Basket of Indices and references to "Final Share Price" shall be construed as references to "Final Value" in respect of a Basket of Shares, "Final Index Level" in respect of a single Index or a Basket of Indices.

The terms and conditions of Combined Underlying Linked Notes shall include the provisions set out below.

1. **Combined Underlying Linked Upside Notes with Capital at Risk**

A. ***Further Information relating to Combined Underlying Linked Upside Notes with Capital at Risk***

Combined Underlying Linked Upside Notes with Capital at Risk are Combined Underlying Linked Notes that:

(a) may,

(i) if "**Adjusted Fixed/Floating**" is specified, pay an amount of interest determined by reference to a fixed or floating rate of interest adjusted to take account of the change in the level of the Return Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date; or

(ii) if "**Spread Interest**" is specifed, pay an amount of interest determined by the change in the level of the Underlying between (i) a specified month prior to the previous interest payment date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date (which change may be subject to gearing). Such interest payments may further include an additional fixed amount of interest ("**Spread**") and may be subject to a minimum rate of interest and/or a maximum rate of interest; and

(b) have a Final Redemption Amount that is adjusted to take account of (A) any positive performance of the Return Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month prior to the maturity date of the Notes and (B) any downside performance of the Risk Underlying.

The Notes may (in addition to or instead of the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and market examples relating to Combined Underlying Linked Upside Notes with Capital at Risk can be found at pages 169 to 175 of the Base Prospectus.

B. ***Formulae for Rate of Interest and Final Redemption Amounts relating to Combined Underlying Linked Upside Notes with Capital at Risk potentially to be included in Final Terms***

Interest Amount

Interest determined in accordance with the below will be payable in respect of the Combined Underlying Linked Upside Notes with Capital at Risk on each Interest Payment Date.

(a) if "Adjusted Fixed/Floating" is specified:

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the provisions of Condition 4(a) (*Interest on Fixed Rate Notes*) shall apply save that the Rate of Interest for any Interest Period shall be an amount determined by the Calculation Agent in accordance with the following formula:

Specified Rate of Interest × Max (0, [Current Inflation Level / Initial Inflation Level])

(b) if "Spread Interest" is specified:

$$\text{Max}\left[\text{Minimum Rate of Interest, Min}\left[\text{Maximum Rate of Interest, Gearing 1 x}\left(\frac{\text{CIL} - \text{PIL}}{\text{PIL}}\right) + \text{Spread}\right]\right]$$

(provided that, if Minimum Rate of Interest or Maximum Rate of Interest is specified as being Not Applicable in the Final Terms, the Minimum Rate of Interest shall be zero and/or the Maximum Rate of Interest shall be unlimited).

Where:

"**Current Inflation Level**" or "**CIL**" means, in respect of an Interest Payment Date, the level of the Return Underlying determined by the Calculation Agent in respect of the Reference Month specified in the applicable Final Terms for such Interest Payment Date;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Inflation Level**" means the Initial Inflation Level as specified in the applicable Final Terms in relation to the Return Underlying, or if a Reference Month is specified for the Initial Inflation Level, the level of the Return Underlying determined by the Calculation Agent in respect of that Reference Month;

"**Minimum Rate of Interest**" means *n* per cent., as specified in the applicable Final Terms;

"**Maximum Rate of Interest**" means *n* per cent., as specified in the applicable Final Terms;

"**Previous Inflation Level**" or "**PIL**" means, in respect of an Interest Payment Date, the level of Inflation Index determined by the Calculation Agent in respect of the Reference Month specified in the Final Terms applicable to the immediately preceding Interest Payment Date, or in relation to the first Interest Payment Date, the Initial Inflation Level;

"**Return Underlying**" means the Inflation Index specified as such in the applicable Final Terms;

"**Specified Rate of Interest**" means the Fixed Rate of Interest or Floating Rate of Interest, as specified in the applicable Final Terms; and

"**Spread**" means *n* per cent., as specified in the applicable Final Terms.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of the Note on its Maturity Date shall be an amount determined by the Calculation Agent as follows:

(a) if the Final Inflation Level is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Return Threshold and either (i) the Barrier Condition is satisfied or (ii) if the Barrier Condition is not satisfied (or no Barrier Condition is specified), the Final Risk Price is (i) where no Barrier Condition is specified, greater than or equal to, and (ii) where a Barrier Condition is specified, greater than, the Risk Threshold:

Specified Denomination × [100% + Gearing 2 x (Final Inflation Level / Initial Inflation Level - 1)]

(b) where a Barrier Condition is specified, if (X) the Final Inflation Level is less than or equal to the Return Threshold and (Y) the Barrier Condition is satisfied or, the Barrier Condition is not satisfied but Final Risk Price is greater than the Risk Threshold:

Specified Denomination x 100 per cent

(c) if the Final Inflation Level is (X) where a Barrier Condition is specified greater than, or (Y) where no Barrier Condition is specified, greater than or equal, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Final Risk Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Risk Threshold:

(i) if Downside Return 1 is specified as being applicable in the Final Terms:

$$Specified\ Denomination\ x \left[[100\% + Gearing\ 2\ x\ (Final\ Inflation\ Level\ /\ Initial\ Inflation\ Level\ - 1)] + Min\left\{0, Max\left(Gearing\ 3\ x\ \left(\frac{Final\ Risk\ Price - Initial\ Risk\ Price}{Initial\ Risk\ Price}\right), -100\%\right)\right\}\right]$$

OR

(ii) if Downside Return 2 is specified as being applicable in the Final Terms:

$$Specified\ Denomination\ x \left[[100\% + Gearing\ 2\ x\ (Final\ Inflation\ Level\ /\ Initial\ Inflation\ Level\ - 1)] + Min\left\{0, Max\left(Gearing\ 3\ x\ (Lower\ Strike - Upper\ Strike), Gearing\ 3\ x\ \left(\frac{Final\ Risk\ Price}{Initial\ Risk\ Price} - Upper\ Strike\right), -100\%\right)\right\}\right]$$

(d) if the Final Inflation Level is (X) where a Barrier Condition is specified less than or equal to, or (Y) where no Barrier Condition is specified, less than, the Return Threshold and (i) the Barrier Condition (if any) is not satisfied and (ii) the Final Risk Price is (A) where no Barrier Condition is specified, less than, and (B) where a Barrier Condition is specified, less than or equal to, the Risk Threshold, either:

(i) if Downside Return 1 is specified as being applicable in the Final Terms:

$$Specified\ Denomination\ x \left[100\% + Min\left\{0, Max\left(Gearing\ 3\ x\ \left(\frac{Final\ Risk\ Price - Initial\ Risk\ Price}{Initial\ Risk\ Price}\right), -100\%\right)\right\}\right]$$

OR

(ii) if Downside Return 2 is specified as being applicable in the Final Terms:

$$Specified\ Denomination\ x \left[100\% + Min\left\{0, Max\left(Gearing\ 2\ x\ (Lower\ Strike - Upper\ Strike), Gearing\ 2\ x\ \left(\frac{FinalRisk\ Price}{Initial\ Risk\ Price} - Upper\ Strike\right), -100\%\right)\right\}\right]$$

(provided that, if any of Gearing 1, Gearing 2, or Gearing 3 are specified as being Not Applicable in the Final Terms, Gearing 1, Gearing 2 and/or Gearing 3 (as applicable) shall be 100 per cent.).

Where:

"**Barrier Condition**" means in relation to the Risk Underlying:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Risk Underlying on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Inflation Level**" means the level of Inflation Index determined in respect of the Reference Month relating to the Maturity Date as specified in the applicable Final Terms;

"**Final Risk Price**" means the Final Share Price for the Risk Underlying;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Gearing 3**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Risk Price**" means the Initial Share Price for the Risk Underlying;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Return Threshold**" means *n* per cent. of the Initial Inflation Level as specified in the applicable Final Terms;

"**Risk Threshold**" means *n* per cent. of the Initial Risk Price as specified in the applicable Final Terms;

"**Risk Underlying**" means the Share specified as such in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

2. **Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk**

A. ***Further Information relating to Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk***

Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk that:

(a) may,

(i) if "**Adjusted Fixed/Floating**" is specified, pay an amount of interest determined by reference to a fixed or floating rate of interest adjusted to take account of the change in the level of the Return Underlying between (i) a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date; or

(ii) if "**Spread Interest**" is specified, pay an amount of interest determined by the change in the level of the Underlying between (i) a specified month prior to the previous interest payment date or, in the case of the first interest payment date, a specified month prior to the issue date of the Notes, and (ii) a specified month (the "**Reference Month**") prior to each relevant interest payment date (which change may be subject to gearing). Such interest payments may further include an additional fixed amount of interest ("**Spread**") and may be subject to a minimum rate of interest and/or a maximum rate of interest; and

(b) have a Final Redemption Amount that is adjusted to take account of any downside performance of the Risk Underlying.

The Notes may (in addition to the underlying linked interest described above) bear interest at a fixed or floating rate in accordance with Condition 4 (*Interest*).

A description of the potential payouts and market examples relating to Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk can be found at pages 176 to 180 of the Base Prospectus.

B. ***Formulae for Rate of Interest and Final Redemption Amounts relating to Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk potentially to be included in Final Terms***

Interest Amount

Interest determined in accordance with the below will be payable in respect of the Combined Underlying (Inflation Interest and Equity/Index Downside) Linked Notes with Capital at Risk on each Interest Payment Date.

(a) if "Adjusted Fixed/Floating" is specified:

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the provisions of Condition 4(a) (*Interest on Fixed Rate Notes*) shall apply save that the Rate of Interest for any Interest Period shall be an amount determined by the Calculation Agent in accordance with the following formula:

Specified Rate of Interest × Max (0, [Current Inflation Level / Initial Inflation Level])

(b) if "Spread Interest" is specified:

$$\text{Max}\left[\text{Minimum Rate of Interest, Min}\left[\text{Maximum Rate of Interest, Gearing 1 x}\left(\frac{\text{CIL} - \text{PIL}}{\text{PIL}}\right) + \text{Spread}\right]\right]$$

(provided that, if Minimum Rate of Interest or Maximum Rate of Interest is specified as being Not Applicable in the Final Terms, the Minimum Rate of Interest shall be zero and/or the Maximum Rate of Interest shall be unlimited).

Where:

"**Current Inflation Level**" or "**CIL**" means, in respect of an Interest Payment Date, the level of the Return Underlying determined by the Calculation Agent in respect of the Reference Month specified in the applicable Final Terms for such Interest Payment Date;

"**Gearing 1**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Inflation Level**" means the Initial Inflation Level as specified in the applicable Final Terms in relation to the Return Underlying, or if a Reference Month is specified for the Initial Inflation Level, the level of the Return Underlying determined by the Calculation Agent in respect of that Reference Month;

"**Minimum Rate of Interest**" means *n* per cent., as specified in the applicable Final Terms;

"**Maximum Rate of Interest**" means *n* per cent., as specified in the applicable Final Terms;

"**Previous Inflation Level**" or "**PIL**" means, in respect of an Interest Payment Date, the level of Inflation Index determined by the Calculation Agent in respect of the Reference Month specified in the Final Terms applicable to the immediately preceding Interest Payment Date, or in relation to the first Interest Payment Date, the Initial Inflation Level;

"**Return Underlying**" means the Inflation Index specified as such in the applicable Final Terms;

"**Specified Rate of Interest**" means the Fixed Rate of Interest or Floating Rate of Interest, as specified in the applicable Final Terms; and

"**Spread**" means *n* per cent., as specified in the applicable Final Terms.

Final Redemption Amount

Unless previously redeemed or repurchased in accordance with the Terms, Conditions and the applicable Final Terms, the Final Redemption Amount payable by the Issuer in respect of the Note on its Maturity Date shall be an amount determined by the Calculation Agent as follows:

(a) if (X) the Final Risk Price is greater than or equal to the Risk Threshold or (Y) where a Barrier Condition is specified, the Barrier Condition is satisfied:

Specified Denomination x 100 per cent.

(a) if (X) the Final Risk Price is less than the Risk Threshold, and (Y) where a Barrier Condition is specified, the Barrier Condition is not satisfied, either:

(i) if Downside Return 1 is specified as being applicable in the Final Terms:

$$Specified\ Denomination\ x\ \left[100\% + Min\left\{0, Max\left(Gearing\ 2\ x\left(\frac{Final\ Risk\ Price - Initial\ Risk\ Price}{Initial\ Risk\ Price}\right), -100\%\right)\right\}\right]$$

OR

(ii) if Downside Return 2 is specified as being applicable in the Final Terms:

$$Specified\ Denomination\ x \left[100\% + Min\left\{0, Max\left(Gearing\ 2\ x\ (Lower\ Strike - Upper\ Strike), Gearing\ 2\ x\left(\frac{FinalRisk\ Price}{Initial\ Risk\ Price} - Upper\ Strike\right), -100\%\right)\right\}\right]$$

(provided that, if any of Gearing 1 or Gearing 2 are specified as being Not Applicable in the Final Terms Gearing 1 or Gearing 2 (as applicable) shall be 100 per cent.)

Where:

"**Barrier Condition**" means in relation to the Risk Underlying:

(a) if "**European**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on the Barrier Valuation Date, or if Barrier Averaging is specified as being applicable, that the arithmetic average of the prices of the Risk Underlying on each Barrier Averaging Date is greater than or equal to the Barrier Threshold;

(b) if "**American**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold during the Barrier Observation Period; and

(c) if "**Bermudan**" is specified in the applicable Final Terms, that the price of the Risk Underlying is greater than or equal to the Barrier Threshold on each and every Barrier Observation Date,

where the price shall be determined as at the Valuation Time on the relevant date unless Constant Monitoring is specified as being applicable in respect of the Barrier, in which case the price shall be monitored at all times on such date(s);

"**Downside Return 1**", if applicable, means a return determined in accordance with the provisions above;

"**Downside Return 2**", if applicable, means a return determined in accordance with the provisions above;

"**Final Risk Price**" means the Final Share Price for the Risk Underlying;

"**Gearing 2**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Initial Risk Price**" means the Initial Share Price for the Risk Underlying;

"**Lower Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms;

"**Risk Threshold**" means *n* per cent. of the Initial Risk Price as specified in the applicable Final Terms;

"**Risk Underlying**" means the Share specified as such in the applicable Final Terms; and

"**Upper Strike**", if applicable, means *n* per cent., as specified in the applicable Final Terms.

TERMS FOR COMBINED UNDERLYING LINKED NOTES

If the Notes are identified as a "Combined Underlying Linked Notes" in the Final Terms, the Conditions applicable to the Notes shall be supplemented by the following Terms for the Combined Underlying Linked Notes. The Conditions apply to all Combined Underlying Linked Notes and, in the event of any inconsistency between any of these Terms and the Conditions, or any statement in or incorporated by reference into the Base Prospectus, these Terms will prevail for the purposes of the Combined Underlying Linked Notes. In the event of any inconsistency between any of these Terms or any statement in or incorporated by reference into the Base Prospectus, and the Final Terms in relation to the Combined Underlying Linked Notes, the Final Terms shall prevail.

The Final Terms shall specify a "**Risk Underlying**" and a "**Return Underlying**" in relation to the Notes, and shall further specify (i) in relation the Risk Underlying whether such Risk Underlying is a single Share or a Basket of Shares, an Index or a Basket of Indices, and (ii) in relation to the Return Underlying, the Inflation Index.

1. ***Incorporation of Terms***

1.1 The following Terms for Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes contained in Part B hereof are hereby incorporated into this Part D: Term 1 (*Definitions*), Term 2 (*Disruption*) (with the exception of Term 2.4 (*Postponement of Payments*), Term 3 (*Best of/Worst of Provisions*), Term 4 (*Adjustments, Consequences of Certain Events and Currency in respect of Indices*), Term 5 (*Adjustments in respect of Shares*) and Term 6 (*Adjustments in respect of Indices or Shares*) (with the exception of Term 6.4 (*Additional Disruption Events*) (the "**Equity/Index Incorporated Terms**"), *provided that* any reference in the Incorporated Equity/Index Terms to "Equity Linked Notes/Index Linked Notes/Dual Underlying Linked Notes", "Equity Linked Notes", "Index Linked Notes" or "Dual Underlying Linked Notes" shall instead be construed as a reference to "Combined Underlying Linked Notes", and any references to "an Underlying", "any Underlying" or "the relevant Underlying" (or any other references to such effect) shall be to the Risk Underlying only.

1.2 The following Terms for Inflation Linked Notes contained in Part C hereof are hereby incorporated into this Part D: Term 1 (*Definitions*), Term 2 (*Delay in Publication*), Term 3 (*Successor Index*) and Term 4 (*Adjustments*) (with the exception of Term 4.7 (*Consequences of an Additional Disruption Event or an Optional Additional Disruption Event*) (the "**Incorporated Inflation Terms**" and together with the Incorporated Equity/Index Terms, the "**Incorporated Terms**") *provided that* any reference in the Incorporated Inflation Terms to "Inflation Linked Notes" shall instead be construed as a reference to "Combined Underlying Linked Notes" and any references to "an Underlying", "any Underlying" or "the relevant Underlying" (or any other references to such effect) shall be to the Return Underlying only.

1.3 In the event of any inconsistency between the Incorporated Terms and the Terms for Combined Underlyings set out in this Part D, the Terms for Combined Underlyings set out in this Part E shall prevail.

2. ***Definitions***

For the purposes of the terms and conditions of the Combined Underlying Linked Notes, the following terms shall have the meanings set out below:

"**Additional Disruption Event**" means a Change in Law, an Insolvency Filing, a Hedging Disruption, an Increased Cost of Hedging, ETF Modification, Strategy Breach, Regulatory Action and/or Cross-contamination as specified in the applicable Final Terms and as determined by the Calculation Agent;

"**Change in Law**" means that, on or after the Issue Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing

authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

(a) it is unable to perform its obligation in respect of the Notes or it has become illegal to hold, acquire or dispose of any Shares or relevant hedge positions in respect of the Combined Underlying Linked Notes; or

(b) it or any of its affiliates would incur a materially increased cost (including, without limitation, in respect of any solvency or capital requirements or any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) in maintaining the Combined Underlying Linked Notes in issue or in holding, acquiring or disposing of any Shares or relevant hedge positions of the Combined Underlying Linked Notes;

"**Hedging Disruption**" means that the Issuer and/or any of its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge the equity price risk or any other relevant price risk, including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Combined Underlying Linked Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or option contract(s) or any relevant hedge positions relating to the Combined Underlying Linked Notes; and

"**Increased Cost of Hedging**" means that the Issuer and/or any of its affiliates would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Combined Underlying Linked Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its respective affiliates shall not be deemed an Increased Cost of Hedging.

3. ***Additional Disruption Events***

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer shall (acting on the instructions of the Calculation Agent) either (i) make such adjustment, if any, to any one or more of the Final Redemption Amount, Initial Index Level, Initial Share Price, Initial Value, Initial Inflation Level or Final Inflation Level (as applicable) and/or any other relevant term of the Combined Underlying Linked Notes (including the date on which any amount is payable by the Issuer) as the Calculation Agent determines appropriate to account for such Additional Disruption Event, on the effective date of that adjustment (in each case as determined by the Calculation Agent) or (ii) redeem each Combined Underlying Linked Notes at its Fair Market Value as at the date of redemption taking into account such Additional Disruption Event on such date as the Issuer (acting on the instructions of the Calculation Agent) shall notify to holders of the Combined Underlying Linked Notes.

The Issuer (acting on the instructions of the Calculation Agent) shall give notice of any redemption of the Combined Underlying Linked Notes or determination pursuant to this Term to holders of the Combined Underlying Linked Notes (copied to the Issuer) in accordance with Condition 13 (*Notices*).

4. ***Postponement of Payments***

Notwithstanding the provisions of any other term or condition of the Notes, if the Calculation Agent determines that a Disrupted Day and/or a Delayed Inflation Index Level Event has occurred in respect of any Underlying on any Valuation Date, Observation Date or Averaging Date, payment of the Interest Amount or Final Redemption Amount (if such amount is payable) shall be postponed to the later of (i) the Maturity Date or the Interest Payment Date and (ii) the date that is three Business Days (or such other period specified in the applicable Final Terms) following the postponed Valuation Date, Observation Date, Averaging Date or Determination

Date, as the case may be. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Interest Amount and/or Final Redemption Amount or Automatic Early Redemption Amount in accordance with this Term 4 (*Postponement of Payments*).

The Issuer (acting on the instructions of the Calculation Agent) shall give notice of any postponement of payments pursuant to the Term to holders of the Combined Underlying Linked Notes (copied to the Issuer) in accordance with Condition 13 (*Notices*).

5. ***Determinations by the Calculation Agent***

The Calculation Agent shall make all determinations required of it pursuant to the terms and conditions of the Combined Underlying Linked Notes in good faith and acting in a commercially reasonable manner.

PART E – ADDITIONAL TERMS OF THE SECURED NOTES

If the Notes are specified in the relevant Final Terms as being Secured Notes, the Conditions (and if applicable, the relevant Terms in relation to Equity Linked Notes, Index Linked Notes or Inflation Linked Notes) applicable to the Notes will be supplemented by the additional terms (the "**Additional Terms**") for Secured Notes as set out below.

1. SECURITY

If the applicable Final Terms specify that a Series is a Series of Secured Notes, then such Notes, or the Secured Portion of such Notes, shall have the benefit of security granted by the Issuer over a pool of collateral (the "**Collateral Pool**") of certain Posted Collateral and other Secured Assets, as specified in the applicable Final Terms and the Supplemental Trust Deed relating to such Series, in favour of the Trustee for the benefit of itself and the Noteholders, Receiptholders and Couponholders to secure its obligations under the Notes, Receipts and Coupons (if any) in respect of such Series and any other Series of Secured Notes which are or will be secured by the same Collateral Pool (each a "**Related Covered Series**" and, together with such other Series of Secured Notes, the "**Covered Series**").

Any such security shall be created by a Supplemental Trust Deed substantially in the form scheduled to the Principal Trust Deed, with such amendments as the Issuer and the Trustee may agree from time to time. A Collateral Pool may secure the Issuer's obligations in respect of a single Series of Secured Notes or may be available to secure other Series of Secured Notes, if so specified in the applicable Final Terms and the relevant Supplemental Trust Deed.

The Supplemental Trust Deed relating to a Collateral Pool (and the Final Terms of each Series of Secured Notes that is a Covered Series in relation to such Collateral Pool) shall specify (a) whether the Collateral Pool is to secure one Series of Secured Notes only or may secure more than one Series, (b) the eligible collateral (the "**Eligible Collateral**") and related valuation percentages (each, a "**Valuation Percentage**"), (c) the maximum percentage (the "**Maximum Percentage**") relating to each item of Eligible Collateral, (d) the valuation dates (each, a "**Valuation Date**"), (e) the base currency (the "**Base Currency**") and the eligible currencies (each, an "**Eligible Currency**"), (f) the minimum transfer amount (the "**Minimum Transfer Amount**"), (g) the independent amount (if any) (the "**Independent Amount**") and (h) whether "Dealer Waiver of Rights" is specified as applicable in the applicable Final Terms.

Pursuant to the terms of the Trust Deed, the Posted Collateral in relation to all Covered Series in respect of a single Collateral Pool and the Exposure under such Covered Series will be required to be valued by the Valuation Agent on the Valuation Dates specified in the applicable Final Terms and the Supplemental Trust Deed and the Issuer may be required to post further Eligible Collateral or be entitled to request the return of any Posted Collateral based on such valuations. In addition, subject to the detailed provisions of the Trust Deed, the Issuer may be entitled to substitute Posted Collateral with other Eligible Collateral. The applicable Final Terms and the Supplemental Trust Deed may specify a Maximum Percentage in relation to any item(s) of Eligible Collateral, in which case the Issuer shall not be entitled to post such item(s) of Eligible Collateral to a Collateral Pool to the extent that it would result in the Value (as determined by the Valuation Agent) of such item(s) of Eligible Collateral, expressed as a percentage of the total Value (as determined by the Valuation Agent) of Posted Collateral in relation to such Collateral Pool, exceeding such Maximum Percentage. In addition, to the extent that the Value on a Valuation Date of any item(s) of Posted Collateral, expressed as a percentage of the total Value of Posted Collateral for such Collateral Pool, exceeds the applicable Maximum Percentage, the Issuer will be required to substitute some or all of such items of Posted Collateral with other Eligible Collateral so that such Maximum Percentage is not exceeded.

The Security in relation to the Collateral Pool of any Covered Series shall become immediately enforceable following an Event of Default in relation to such Covered Series, upon the Trustee giving notice to the Issuer pursuant to Condition 9 (*Events of Default*).

In the event that the Security created by the Trust Deed in relation to the Collateral Pool of any Covered Series becomes enforceable as provided in these Conditions and the Trust Deed, the Trustee may at its discretion, and if so requested by holders of at least one quarter in nominal

amount of the Notes of such Covered Series then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution of the Noteholders of such Covered Series shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) enforce the Security, **provided**, **however**, **that** the Trustee shall not be required to take any action that would involve the Trustee in any personal liability or which may be contrary to applicable laws and/or regulations. In each case, the Trustee may act without any liability as to the consequence of such action and without having regard to the effect of such action on any individual Noteholders, Receiptholders or Couponholders. Any Waived Notes (as defined in Term 2 (*Dealer Waiver of Rights*) below) of such Covered Series shall be deemed to be held by the Issuer for the purposes of the definition of 'outstanding' and, in particular, the holder of any Waived Notes shall have no ability to direct the Trustee to take any action to enforce the Security or to take any other action pursuant to the Trust Deed.

Following any enforcement of the Security in relation to the Collateral Pool of any Covered Series, the proceeds from the Secured Assets shall be held by the Trustee upon trust to be applied in the following order of priority: (a) in and towards payment of all amounts due to the Trustee, any appointee and/or any receiver in relation to such Covered Series and any Related Covered Series, together with accrued interest, (b) in and towards payment of all amounts of principal/redemption amount and interest due but unpaid to the Noteholders and any Receiptholders and Couponholders of such Covered Series and any Related Covered Series on a *pari passu* and *pro rata* basis according to the amount due to be paid to each Noteholder, Receiptholder and Couponholder provided that no proceeds from the enforcement of the Security shall be paid to holders of Waived Notes and (c) the balance (if any) to the Issuer.

2. DEALER WAIVER OF RIGHTS

If "Dealer Waiver of Rights" is specified as applicable in the applicable Final Terms for any Series of Secured Notes, then any such Secured Notes held by the Issuer in its capacity as a Dealer from time to time shall be deemed "**Waivable Notes**".

In respect of any Series where "Dealer Waiver of Rights" is specified as applicable in the applicable Final Terms, the Issuer in its capacity as a Dealer shall promptly provide written notice to the Valuation Agent specifying the amount of Waivable Notes it holds together with such evidence of its holding as may be requested by the Valuation Agent. Upon receipt of such notice, the lesser of (i) the amount of Waivable Notes specified in such notice, and (ii) the Maximum Waivable Amount of such Series of Waivable Notes specified in the applicable Final Terms shall be deemed to be "**Waived Notes**". Promptly thereafter, the Valuation Agent shall provide written notice to the Dealer, the Issuer and the Trustee of the amount of Waived Notes and the Trustee shall be entitled to rely upon such notice without any liability to any interested party.

Waived Notes shall be deemed to be held by the Issuer for the purposes of the definition of 'outstanding' (including the right to direct the Trustee to take enforcement action in respect of the Security) and, in particular, the holder of such Waived Notes shall be deemed to have irrevocably waived any and all rights or entitlement to (i) direct the Trustee to take to enforce the Security or any other action pursuant to the Trust Deed, (ii) the proceeds (or any portion thereof) of any enforcement of the Security by the Trustee, and (iii) be an Eligible Person (as defined in the Trust Deed) for the purpose of any Extraordinary Resolution.

Thereafter, the Issuer in its capacity as a Dealer shall, on each Valuation Date and upon request by the Valuation Agent, provide written notice to the Valuation Agent of the principal outstanding amount and number of Waived Notes it holds, and shall further, upon request from the Valuation Agent, provide evidence to the Valuation Agent of such holding. Promptly thereafter (but only where the amount of Waived Notes has changed from the previous Valuation Date), the Valuation Agent shall provide written notice to the Issuer and the Trustee as to the amount of Waived Notes and the Trustee shall be entitled to rely upon such notice without any liability to any interested party.

In relation to any Covered Series, when determining the Credit Support Amount on any Valuation Date the Valuation Agent shall not take into account the Exposure in relation to Waived Notes.

If the Issuer in its capacity as Dealer subsequently acquires Notes in the secondary market that would constitute Waivable Notes of a particular Series if held by the Dealer on the Issue Date, the Dealer will promptly provide written notice to the Valuation Agent, together with such evidence of its holding as may be requested by the Valuation Agent, of (a) the amount of Notes it has purchased, and (b) the amount of Waived Notes of the same Series that it holds (with the sum of (a) and (b) being the "**Total Waivable Notes**"). Upon receipt of this notice by the Valuation Agent the lesser of (i) the Total Waivable Notes, and (ii) the Maximum Waivable Amount of such Series of Waivable Notes specified in the applicable Final Terms shall be deemed to be "**Waived Notes**". Promptly thereafter, the Valuation Agent shall provide written notice to the Dealer, the Issuer and the Trustee of the amount of Waived Notes and the Trustee shall be entitled to rely upon such notice without any liability to any interested party.

In respect of any Covered Series which includes one or more Series of Notes under which "Dealer Waiver of Rights" is specified as applicable in the applicable Final Terms the Issuer shall, prior to requesting the return or substitution of any Posted Collateral in accordance with the provisions of the Trust Deed, procure that the Issuer in its capacity as Dealer provides each of the Valuation Agent, the Issuer, the Verification Agent and the Trustee with written notice confirming the amount of Waived Notes of such Series that it holds on the relevant Valuation Date and the Trustee and the Verification Agent shall be entitled to rely upon such notice without any liability to any interested party.

If the Issuer in its capacity as Dealer subsequently transfers any Waived Notes in the secondary market the Issuer in its capacity as Dealer will promptly provide written notice thereof to the Valuation Agent, the Issuer and the Trustee and, upon receipt of this notice by the Valuation Agent, the Issuer and the Trustee, such Notes so transferred will cease to be Waived Notes.

If any Waived Notes are subsequently repurchased by the Issuer from the Issuer in its capacity as Dealer and cancelled the Issuer will promptly provide written notice to the Valuation Agent (with a copy to the Issuer and the Trustee).

The Trustee and the Verification Agent shall be entitled to assume that the amount of Waived Notes from time to time is as set out in the most recent notice it received from the Valuation Agent or the Issuer in its capacity as Dealer and neither the Trustee nor the Verification Agent shall suffer any liability to any Holder or any other interested party for so assuming.

Neither the Trustee nor the Verification Agent shall have any responsibility to monitor whether (i) any Waivable Notes or Waived Notes are in issue, (ii) the Issuer has an obligation to add to the Security as a result of any Waived Notes being sold to the secondary market, or (iii) there has been any diminution in the amount or value of the Security as a result of the Terms relating to Waived Notes, and neither the Trustee nor the Verification Agent shall suffer any liability whatsoever as a result of any failure by the Issuer, the Valuation Agent or any Dealer to comply with the Terms relating to Waived Notes.

3. ADDITIONAL DEFINITIONS APPLICABLE TO SECURED NOTES

"**Base Currency**", in relation to any Collateral Pool, has the meaning specified in the Security Documents relating to such Collateral Pool;

"**Base Currency Equivalent**" means, with respect to the Valuation Time in respect of a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the "**Other Currency**"), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Valuation Agent for value at such Valuation Time;

"**Credit Support Amount**" means, in relation to any Covered Series, (a) the Exposure in relation to such Covered Series, *plus* (b) the Independent Amount, provided, however, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero;

"**Early Redemption Amount**" means, in relation to any Series of Notes, the aggregate amount that would be payable by the Issuer in accordance with the Conditions in respect of such Series if such Series of Notes were to be redeemed pursuant to Condition 6(c) (*Redemption for tax reasons*) on a Valuation Date;

"**Encumbrance**" means any mortgage, pledge, lien, hypothecation, security interest or other arrangement having similar effect;

"**Exposure**" means, in relation to any Covered Series, the aggregate of (i) in respect of each Series of Secured Notes that is part of such Covered Series and secured by the same Collateral Pool and in relation to which the Specified Currency is the Base Currency, the Early Termination Amounts of such Series, and (ii) in respect of each Series of Secured Notes that is part of such Covered Series and secured by the same Collateral Pool and in relation to which the Specified Currency is not the Base Currency, the Base Currency Equivalent of the Early Termination Amounts of such Series, as applicable;

"**Posted Collateral**" means, in relation to any Collateral Pool, all Eligible Collateral, other property, distributions, interest and all proceeds of any such Eligible Collateral, other property, distributions or interest that have been transferred to or received by the Trustee under the Security Documents relating to such Collateral Pool and not transferred to the Issuer pursuant to the terms set out in the Trust Deed or realised by the Trustee under the terms set out in the Trust Deed.

"**Secured Assets**" means, in relation to any Collateral Pool, the assets and rights from time to time the subject of the Security constituted by the Security Documents relating to such Collateral Pool;

"**Secured Portion**" means, in relation to any Covered Series, the portion of the Notes which have the benefit of the Security (as specified in the applicable Final Terms);

"**Security**" means, in relation to any Series of Secured Notes, the Encumbrances created or intended to be created, or which may at any time be intended to be created, in favour of the Trustee as trustee for the Noteholders, the Receiptholders and the Couponholders of such Series of Secured Notes, by or pursuant to the Security Documents in relation to such Series;

"**Security Documents**" means, in relation to any Series of Secured Notes, this Principal Trust Deed, the Supplemental Trust Deed relating to such Series and any other documents which may be specified in the relevant Supplemental Trust Deed and the applicable Final Terms as additional Security Documents in relation to such Series;

"**Valuation Time**" means (i) in relation to any Collateral Pool, the close of business in London on the London Business Day immediately preceding the Valuation Date or date of calculation, as applicable, **provided that** the calculations of Value and Exposure in relation to any Collateral Pool will, as far as practicable, be made as of approximately the same time on the same date; and (ii) in relation to any Reference Obligation, 11:00 a.m. in the principal trading market of the Reference Obligation; and

"**Value**" means:

(a) in the case of Eligible Collateral or Posted Collateral that is:

(i) an amount of cash, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage, if any; and

(ii) a security, the Base Currency Equivalent of its value multiplied by the applicable Valuation Percentage (if any), **provided**, **however**, **that** for the purposes of determining whether the Maximum Percentage for any item of Eligible Collateral has been exceeded, "**Value**" shall mean nominal value multiplied by the applicable Valuation Percentage (if any); and

(b) in the case of Posted Collateral that consists of items that are not specified as Eligible Collateral, zero,

in each case, as at the Valuation Time in respect of a Valuation Date.

"**Waivable Notes**" means, in relation to any Secured Notes, where "Dealer Waiver of Rights" is specified as applicable in the applicable Final Terms, in relation to which a Dealer Waiver of Rights may apply.

4. ADDITIONAL EVENTS OF DEFAULT

The following events shall constitute additional Events of Default in relation to Secured Notes:

(a) default is made in the payment of any principal, premium or interest due in respect of any Related Covered Series or any of them and the default continues for a period of 7 days in the case of principal or premium or 14 days in the case of interest; or

(b) the Issuer fails to:

(i) make, when due, any transfer of Eligible Collateral required to be made by it in relation to the related Collateral Pool and that failure continues for 7 days after notice of such failure is given to it by the Trustee; or

(ii) perform any other of its obligations under the Trust Deed in relation to the Collateral Pool relating to such Notes and such failure continues for 45 days after notice of such failure is given to it by the Trustee.

PART F – ADDITIONAL TERMS OF THE CREDIT LINKED NOTES

If the Notes are specified in the relevant Final Terms as being Credit Linked Notes, the Conditions (and if applicable, the relevant Terms in relation to Equity Linked Notes, Index Linked Notes or Inflation Linked Notes) applicable to the Notes will be supplemented by the additional terms (the "**Additional Terms**") for Credit Linked Notes as set out below.

1. GENERAL

1.1 The applicable Final Terms shall specify whether Simplified Credit Linkage or ISDA Credit Linkage applies to each Series of Credit Linked Notes, and shall further specify the percentage portion of the Note to which such credit linkage applies (such percentage the "**Credit Linked Percentage**" and such portion the "**Credit Linked Portion**"). Notes may be fully or partially credit linked.

1.2 *Single Name CLNs, Basket CLNs and Index CLNs*

If the Notes are specified to be any of a Single Name CLN, Basket CLN or Index CLN in the applicable Final Terms, the Credit Linked Portion will be credit linked to one or more Reference Entity(ies) specified in the applicable Final Terms, with each Reference Entity having a "**Reference Entity Weighting**" of either:

(a) if a Reference Entity Weighting is specified in the Final Terms, a percentage equal to the Reference Entity Weighting of such Reference Entity as specified in the applicable Final Terms; or

(b) if "**Equal Weighting**" is specified to be applicable in relation to the Notes, an equally weighted percentage of the Credit Linked Portion (as at the Issue Date).

The portion of each Note linked to a particular Reference Entity (the "**Relevant Portion**") shall be a percentage portion of the Credit Linked Portion equal to the Reference Entity Weighting of such Reference Entity.

The Redemption Amount payable in respect of a Single Name CLN, Basket CLN or Index CLN will be determined in accordance with the Conditions, as supplemented by these Additional Terms and, for such purposes, the Notional Amount of each Relevant Portion of a Note shall be equal to the product of (i) the Notional Amount of such Note, (ii) the Credit Linked Percentage and (iii) the relevant Reference Entity Weighting.

1.3 *Tranched CLNs*

If the Notes are specified to be Tranched CLNs in the applicable Final Terms, the Credit Linked Portion will be credit linked to two or more Reference Entities specified in the applicable Final Terms.

If a Tranched CLN Trigger Event occurs in relation to a Tranched CLN, then:

(a) on the occurrence of such Tranched CLN Trigger Event, if "**Equal Weighting**" is specified to be applicable in relation to the Notes, an equally weighted percentage portion of the Credit Linked Portion will be credit linked to each of the Remaining Reference Entities (as at the Tranched CLN Trigger Date) (such percentage the "**Equal Weighting Percentage**" and such portion the "**Relevant Portion**"); and

(b) if "**Fixed CLN Percentage**" is specified to be applicable in relation to the Notes, if a Credit Event Notice or CDS Event Notice, as applicable, is delivered in relation to a Remaining Reference Entity after the occurrence of such Tranched CLN Trigger Event, a fixed percentage portion of the Credit Linked Portion (such percentage the "**Fixed CLN Percentage**" as specified in the applicable Final Terms and such portion the "**Relevant Portion**") will be deemed to have been linked to such Reference Entity immediately preceding the occurrence of the relevant Credit Event (as defined (i) in relation to Tranched CLNs with Simplified Credit Linkage, Additional Term 3, and (ii) in relation to Tranched CLNs with ISDA Credit Linkage, the 2014 ISDA Credit

Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc.).

If a Tranched CLN Trigger Event occurs the Redemption Amount payable in respect of a Tranched CLN will be determined in accordance with the Conditions, as supplemented by these Additional Terms and, for such purposes, the Notional Amount of each Relevant Portion of a Note shall be equal to the product of (i) the Notional Amount of such Note, (ii) the Credit Linked Percentage, and (iii) the Equal Weighting Percentage or Fixed CLN Percentage (as applicable).

2. **NOTEHOLDER AMENDMENT REQUESTS**

2.1 Where "Noteholder Amendment Request" is specified as applicable in the applicable Final Terms, a Noteholder in respect of not less than 100 per cent. of the aggregate principal amount of the outstanding Notes of a Series of Credit Linked Notes may provide to the Issuer an Amendment Request attaching the Proof of Holding (a "**Compliant Amendment Request**").

2.2 Upon receipt of a Compliant Amendment Request, the Issuer shall promptly forward a copy of such Compliant Amendment Request to the Trustee. The Trustee shall (to the extent the Issuer agrees to the Proposed Amendments pursuant to the discretion contained in Additional Term 2.3) approve and concur with the Issuer in the implementation of any Proposed Amendments, *provided however*, that the Trustee shall not be bound to approve or to execute any amendment to any documents under the Programme (a) which, in the opinion of the Trustee, would have the effect of (i) increasing or adding to the obligations or duties of the Trustee; or (ii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under any document issued under the Programme; (b) unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, losses and expenses which it may incur in connection therewith; and (c) unless the Proof of Holding has been provided in a form acceptable to the Trustee.

The Trustee shall, within 15 calendar days of receipt of the Compliant Amendment Request, confirm to the Issuer that (A) the Trustee does not consider that the Proposed Amendments would have the effect of (i) increasing or adding to the obligations or duties of the Trustee; or (ii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under any document issued under the Programme, and (B) that the Proof of Holding has been provided in a form acceptable to the Trustee, or inform the Issuer that it is unable to make such confirmation.

2.3 In respect of any Compliant Amendment Request in relation to which the Trustee has provided its confirmation pursuant to Additional Term 2.2 above, the Issuer may elect, in its sole and absolute discretion, to agree to the Proposed Amendments and shall notify the Noteholder of such agreement by delivering an Amendment Confirmation. For the avoidance of doubt, any Amendment Request in respect of which no Amendment Confirmation is delivered within 30 Business Days following the delivery of such Amendment Request shall be deemed to be rejected by the Issuer. The Requesting Noteholder shall countersign such Amendment Confirmation and return such Amendment Confirmation to the Issuer and the Trustee, together with Proof of Holding (in the same form as provided with the Amendment Request) as of the date of such countersigned Amendment Confirmation. All such documents are to be dated and delivered to the Issuer and the Trustee by no later than 12 noon on a Business Day agreed in advance with the Issuer and the Trustee.

2.4 Upon receipt of the countersigned Amendment Confirmation (together with Proof of Holding described in Additional Term 2.3), the Issuer shall execute the Amendment Documents. The terms and conditions of the Credit Linked Notes shall be amended and restated as set out in the Amendment Documents from the date of execution of such Amendment Documents (the "**Amendment Date**").

2.5 The Issuer shall as soon as practicable after the Amendment Date:

(a) procure that the Amended and Restated Final Terms shall be filed with the UK Listing Authority and the London Stock Exchange; and

(b) give notice of the amendment to the Noteholder in accordance with Condition 13 (*Notices*) (which, if the Notes are represented by a Global Note, shall include a notice through Euroclear and/or Clearstream).

2.6 The Issuer and the Trustee shall be entitled to act and rely solely and without further investigation on any Proof of Holding, Compliant Amendment Request and related Amendment Confirmation, and shall not be liable to any Noteholder (or, in the case of the Trustee, the Issuer) or any other person for any loss, costs, claims or liabilities arising from or in connection with its acting upon any Proof of Holding, Compliant Amendment Request or related Amendment Confirmation.

For the purposes of this Additional Term 2 the following terms shall have the meanings set out below:

"**Amendment Confirmation**" means a notice confirming the amendments and attaching the execution form of any document(s) required to effect the amendments (including the amended and restated Final Terms (the "**Amended and Restated Final Terms**"), and any further document(s) as determined by the Issuer (together the "**Amendment Documents**")), to be countersigned by the Requesting Noteholder.

"**Amendment Request**" means a notice in the form from time to time provided by the Requesting Noteholder to the Issuer, which:

(a) specifies (i) the name and address of the Requesting Noteholder, and (ii) if the Requesting Noteholder is not beneficially entitled to the Notes, the name and address of the person or persons who are beneficially entitled to 100 per cent. of the aggregate principal amount of such Notes (each a "**Beneficial Owner**")) and confirmation that the Noteholder is authorised to act on behalf of such Beneficial Owner(s);

(b) specifies the ISIN and Series Number of the Credit Linked Notes which are the subject of such Amendment Request;

(c) contains a representation in favour of the Issuer and the Trustee that, if an Amendment Confirmation is provided in relation to the relevant Amendment Request, the Relevant Noteholder shall not dispose of any holding in the relevant Series of Notes prior to receipt of the notice described in Additional Term 2.5(b) above;

(d) contains an undertaking in favour of the Issuer and the Trustee to provide to the Issuer and the Trustee any further Proof of Holding by noon (London time) in accordance with Additional Term 2.3 above; and

(e) specifies the amendments the Requesting Noteholder proposes in relation to such Series of Credit Linked Notes, which may include, without limitation, the removal and/or addition of Reference Entities (and in respect of Credit Linked Notes which are subject to ISDA Credit Linkage, the removal and/or addition of related Reference Obligations) and such other changes related to the removal and/or addition of such Reference Entities and Reference Obligations as the Requesting Noteholder may consider necessary (the "**Proposed Amendments**").

"**Proof of Holding**" means documentary evidence in form acceptable to the Issuer and the Trustee that the Noteholder delivering the Amendment Request (the "**Requesting Noteholder**") holds not less than 100 per cent. of the aggregate principal amount of the outstanding Notes of the Series of Credit Linked Notes which are the subject of the Amendment Request, such evidence to include:

(a) in respect of a Note in global form held through a clearing system, a certificate in respect of such holding;

(b) in respect of Notes in definitive form, confirmation that the relevant Notes have been delivered and surrendered at the specified office of the Principal Paying Agent; and

(c) such other evidence that the Issuer or the Trustee may, in its sole discretion, deem necessary.

3. **SIMPLIFIED CREDIT LINKAGE**

3.1 This Additional Term 3 applies only to Credit Linked Notes in relation to which the applicable Final Terms specify that Simplified Credit Linkage applies.

3.2 **Redemption Amount following Credit Event Notice**

(a) If the Calculation Agent delivers a Credit Event Notice to the Issuer in relation to a Reference Entity linked to a Relevant Portion of a Credit Linked Note (or, in relation to a Tranched CLN if, following the occurrence of a Tranched CLN Trigger Event, the Calculation Agent delivers a Credit Event Notice to the Issuer in relation to a Remaining Reference Entity) prior to the Maturity Date then:

(i) the Calculation Agent shall determine the Adjusted Fair Market Value of such Relevant Portion as of the Credit Event Notice Date; and

(ii) the Final Redemption Amount in relation to such Note shall be calculated and paid in accordance with the following provisions of this Part F (*Additional Terms of the Credit Linked Notes*).

(b) The Final Redemption Amount in respect of a Note linked to a Reference Entity in relation to which a Credit Event Notice has been delivered (or, in relation to a Tranched CLN, a Note in relation to which a Tranched CLN Trigger Event has occurred, and in relation to which a Credit Event Notice has been delivered after the occurrence of such Tranched CLN Trigger Event) shall be equal to the aggregate of:

(i) the Credit Event Redemption Amounts in relation to each Relevant Portion of the Note in relation to which a Credit Event Notice has been delivered, calculated in accordance with this Part F (*Additional Terms of the Credit Linked Notes*); and

(ii) the Redemption Amounts in relation to (i) any Relevant Portion of the Note in respect of which no Credit Event Notice has been delivered and (ii) any portion of the Note which is not Credit Linked and (iii) where Fixed Recovery is specified in relation to Tranched CLNs, any portion of the Credit Linked Portion which has not become a Relevant Portion prior to the Maturity Date, shall be calculated in accordance with the Terms and applicable Final Terms without regard to the provisions of this Part F (*Additional Terms of the Credit Linked Notes*) *provided that* for the purposes of such calculation the outstanding notional amount of such Notes will be deemed to be reduced in proportion with any Relevant Portion in relation to which a Credit Event Notice has been delivered.

(c) The Credit Event Redemption Amount shall be determined in accordance with the provisions set out below under Additional Term 3.5 (*Definitions*). If the Credit Event Redemption Amount in relation to a Relevant Portion of a Note has not been determined by the day which is 4 Business Days prior to the scheduled Maturity Date for such Note, then payment of the Final Redemption Amount for the Note will be postponed to the day which is 4 Business Days after the date of determination of the Credit Event Redemption Amount in accordance with Additional Term 3.5 (*Definitions*) below. The holder of the Note shall not be entitled to any interest or other payment in respect of such postponement.

(d) If, following a Credit Event Notice Date, an Automatic Early Redemption Event occurs in respect of any Credit Linked Note or a redemption in accordance with Condition 6(b) (*Early Redemption*), references in this Additional Term 3 (*Simplified Credit Linkage*) to "**Maturity Date**" shall be references to the Automatic Early Redemption Date or such other such date fixed for the redemption of the note (as applicable) and references to the

Final Redemption Amount shall be references to the Automatic Early Redemption Amount or the Early Redemption Amount (as applicable).

3.3 **Interest**

Interest (if any) on the Relevant Portion of the Notes shall cease to accrue from (but excluding) the Interest Accrual Cessation Date.

3.4 **Notice**

The Calculation Agent shall, on behalf of the Issuer, give notice to the holders of the relevant Series of Notes (copied to the Issuer) of:

(a) in relation to Tranched CLNs only, the occurrence of a Tranched CLN Trigger Event;

(b) the giving of any Credit Event Notice; and

(c) the determination of any Credit Event Redemption Amount.

3.5 **Definitions**

For the purposes of this Term, the following terms shall have the meanings set out below:

"**Adjusted Fair Market Value**" means

(a) in relation to any Relevant Portion of a Single Name CLN, Basket CLN or Index CLN (as applicable), as of any date, its fair market value, as of such date, disregarding the effect of any Credit Event on the value of the Relevant Portion, less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes; and

(b) in relation to any Relevant Portion of a Tranched CLN, zero;

"**Auction**" means, with respect to a Reference Entity and a Credit Event, an auction coordinated by ISDA that relates to the circumstances specified in the relevant Credit Event Notice and that would be applicable to a Notional CDS, as determined by the Calculation Agent;

"**Auction Final Price**" means the relevant auction final price as may be published by ISDA or any administrator of any Auction coordinated by ISDA from time to time and that would be applicable to the Notional CDS, as determined by the Calculation Agent;

"**Credit Event**" means that, in the determination of the Calculation Agent, acting in good faith and in a commercially reasonable manner:

(a) a Reference Entity has become Insolvent;

(b) a Governmental Intervention has occurred in relation to a Reference Entity; or

(c) a Restructuring has occurred in relation to a Reference Entity;

"**Credit Event Redemption Amount**" means, in relation to a Relevant Portion of a Note in respect of which a Credit Event Notice has been delivered, a cash amount equal to the product of:

(a) the Adjusted Fair Market Value of such Relevant Portion (or Credit Linked Portion, as applicable) as of the Credit Event Notice Date; and

(b) the Recovery Rate, and

(c) the Credit Linked FX Factor;

"**Credit Event Notice**" means, in relation to any Reference Entity, a written notice from the Calculation Agent to the Issuer stating that a Credit Event has occurred and describing, in

reasonable detail, the facts relevant to the determination that a Credit Event has occurred, (including the date on which such Credit Event has occurred);

"**Credit Event Notice Date**" means the date on which the Calculation Agent delivers a Credit Event Notice to the Issuer;

"**Credit Linked FX Factor**" means the Credit Linked FX Factor specified in the Final Terms, or if Credit Linked FX Factor is specified as Not Applciable in the applicable Final Terms, shall mean 100 per cent.;

"**Fixed Recovery Rate**" means the percentage specified as such in the applicable Final Terms;

"**Full Quotation**" means each firm bid quotation obtained from a relevant third party market dealer in respect of a Notional CDS having a notional amount equal to the Quotation Amount, or, if the Calculation Agent determines in its absolute discretion that it is not able to obtain at least one such firm bid quotation, each firm bid quotation obtained from a relevant third party market dealer in respect of the senior unsecured debt of the Reference Entity in an amount equal to the Quotation Amount;

"**General Recovery Rate**" means:

(a) if:

(i) ISDA announces by the date that is 30 calendar days after the Maturity Date that an Auction will be held; and

(ii) the relevant Auction Final Price is determined not later than the date that is 60 calendar days after the Maturity Date,

the Auction Final Price; and

(b) if:

(i) ISDA announces that no Auction will be held; or

(ii) ISDA has not announced by the date that is 30 calendar days after the Maturity Date that an Auction will be held; or

(iii) the Auction Final Price is not determined by the date that is 60 calendar days after the Maturity Date; or

(iv) ISDA does not make any relevant announcement within 180 days of the Credit Event occurring;

the Market Value;

"**Governmental Authority**" means, in relation to any Reference Entity:

(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 such Reference Entity or some or of all of its obligations; or

(d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above;

"**Governmental Intervention**" means that, in relation to any Reference Entity and with respect to one or more obligations for the payment or repayment of borrowed money of such Reference

Entity, 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 such Reference Entity in a form which is binding:

(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 for the payment or repayment of borrowed money, causing the subordination of such obligation to any other obligation of the Reference Entity;

(b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the relevant obligation;

(c) a mandatory cancellation, conversion or exchange; or

(d) any event which has an analogous effect to any of the events specified in (a) to (c) above;

"**Initial Weighting**" means, in relation to any Series of Notes, the weighting assigned to a specific Reference Entity specified as such in the applicable Final Terms, or if "**Equal Initial Weighting**" is specified to be applicable, the Initial Weighting for each Reference Entity will be an equally weighted percentage portion of the Credit Linked Portion. The Initial Weighting assigned to an original Reference Entity will apply equally to any Successor;

"**Insolvent**" means, in relation to any Reference Entity:

(a) it is unable or admits inability to pay its debts as they fall due;

(b) it suspends making payments on any of its debts;

(c) after the expiration of any applicable grace period (and after the satisfaction of any conditions precedent to the commencement of such grace period), it fails to make, when and where due, any payment under any one or more obligations, in accordance with the terms of such obligations at the time of such failure;

(d) a liquidator or administrator or other similar officer has been appointed in relation to such Reference Entity;

(e) it enters into a company voluntary arrangement or a scheme of arrangement with its creditors; or

(f) any Insolvency Proceedings are taken in relation to such Reference Entity;

"**Insolvency Proceedings**" means any legal proceedings in relation to any suspension of payments, moratorium of indebtedness, winding up, dissolution or administration of such person (including, without limitation, any bank insolvency procedure or bank administration procedure under the United Kingdom Banking Act 2009) or any analogous procedure in any jurisdiction;

"**Interest Accrual Cessation Date**" means either (i) the Interest Payment Date immediately preceding the Credit Event Notice Date or, in the case of a Credit Event Notice Date occurring during the first Interest Period, the Interest Commencement Date, or (ii) the date on which the Credit Event occurred (as specified in the Credit Event Notice);

"**ISDA Credit Derivatives Definitions**" means the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), as may be further supplemented from time to time as of the Issue Date; and as may be further supplemented or amended after the Issue Date in accordance with any industry protocols;

"**Market Value**" shall be determined by the Calculation Agent, in accordance with the following provisions if the Recovery Rate is Market Value. In such a case, the Calculation Agent shall attempt to obtain Full Quotations from third party market dealers with respect to the Market Value Determination Date and the "**Market Value**" shall be the amount, expressed as a percentage, equal to:

(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 multiple 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 Full Quotations having the highest and lowest values (and, if multiple 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 only one Full Quotation is obtained, such Full Quotation;

(e) if no Full Quotations are obtained on or prior to the fifth Business Day following the applicable Market Value Determination Date, the value (expressed as a percentage of their principal amount) determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, of the unsubordinated debt obligations of the Reference Entity;

"**Market Value Determination Date**" means:

(a) in the case of sub-paragraph (i) of paragraph (b) of the definition of General Recovery Rate, the first Business Day after the date of the relevant announcement;

(b) in the case of sub-paragraph (ii) of paragraph (b) of the definition of General Recovery Rate, on the first Business Day falling 30 calendar days after the Maturity Date;

(c) in the case of sub-paragraph (iii) of paragraph (b) of the definition of General Recovery Rate, the first Business Day falling 60 calendar days after the Maturity Date; and

(d) in the case of sub-paragraph (iv) of paragraph (b) of the definition of General Recovery Rate, 180 days after the occurrence of the Credit Event;

"**Notional CDS**" means, in relation to any Reference Entity, a notional credit derivative transaction entered into on market standard terms:

(a) incorporating the ISDA Credit Derivatives Definitions;

(b) where such market standard terms contemplate an election between referencing senior or subordinated obligations, then referencing senior obligations;

(c) having a trade date that is the same date as the Issue Date of the Notes and a scheduled termination date that is the same date as the Maturity Date of the Notes; and

(d) under which any permitted determinations, elections or notices shall be made or deemed sent at the discretion of the Calculation Agent,

as determined by the Calculation Agent;

"**Quotation Amount**" means such amount as the Calculation Agent determines in its absolute discretion, having regard, if applicable, to any hedging arrangements that the Issuer may have entered into in relation to the relevant Series of Notes;

"**Recovery Rate**" means:

(a) General Recovery Rate;

(b) Zero Recovery Rate; or

(c) Fixed Recovery Rate,

as specified in the applicable Final Terms;

"**Reference Entity**" means, in relation to any Series of Notes, an entity specified as such in the applicable Final Terms, or any Successor(s) to such Reference Entity;

"**Reference Entity Weighting**" has the meaning set out in Additional Term 1.2. The Reference Entity Weighting assigned to an original Reference Entity will apply equally to any Successor;

"**Remaining Reference Entity**" means, in relation to any Series of Notes, each Reference Entity in relation to which no Credit Event Notice has been delivered on the Tranched CLN Trigger Event Date;

"**Restructuring**" means:

(a) with respect to one or more obligations, any one or more of the following events occurs in a form that binds all holders of such obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such obligation to bind all holders of the obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such obligation (including, in each case, in respect of bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such obligation in effect as of the date upon which such obligation is issued or incurred:

    (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

    (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

    (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of interest, or (y) the payment of principal or premium;

    (iv) a change in the ranking in priority of payment of any obligation, causing the subordination of such obligation to any other obligation; or

    (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

(b) For purposes of paragraph (a) above, the term obligation shall be deemed to include, without limitation, 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 (a) above shall be deemed to refer to the underlying obligor.

(c) If an exchange has occurred, the determination as to whether one of the events described under (i) to (v) above has occurred will be based on a comparison of the terms of the

relevant bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

"**Succession Event**" means any event (including a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event) which the Calculation Agent determines has resulted in a third party entity succeeding to all or some the obligations of a Reference Entity whether by operation of law (pursuant to any ring fencing provisions or resolution powers under the Banking Act 2009 of the United Kingdom or otherwise) or pursuant to any agreement;

"**Successor**" means an entity which the Calculation Agent has specified, by written notice to the Issuer, as a successor to the Reference Entity following the occurrence of a Succession Event. In specifying a Successor, the Calculation Agent will act in a commercially reasonable manner and, in doing so, is entitled to take into account any hedging position or arrangement that the Issuer or any of its affiliates may have entered into in connection with the Notes but is not required to take into account the interests of the holders of any Notes; and **provided further that**, in circumstances where the Reference Entity is an authorised deposit taking entity, if there are multiple successors to the Reference Entity's obligations, the Calculation Agent is required, to the extent possible, to specify as the Successor a successor entity which is not carrying on business as an authorised deposit taker, or in the event that this is not possible, the successor entity for which such deposit taking business is the least significant part of its business;

"**Tranched CLN Trigger Event**" means that Credit Event Notices have been delivered in relation to Reference Entities representing, in aggregate and by reference to the Initial Weighting of such Reference Entities, a percentage greater than or equal to the Tranched CLN Trigger Percentage, as determined by the Calculation Agent;

"**Tranched CLN Trigger Event Date**" means the Credit Event Notice Date in relation to the Credit Event Notice giving rise to the occurrence of a Tranched CLN Trigger Event, as determined by the Calculation Agent;

"**Tranched CLN Trigger Percentage**" means the percentage specified as such in the applicable Final Terms; and

"**Zero Recovery Rate**" means, in relation to any Reference Entity, zero.

4. **ISDA CREDIT LINKAGE**

(a) This Additional Term 3 applies only to Credit Linked Notes in relation to which the applicable Final Terms specifies that ISDA Credit Linkage applies.

(b) ***Parallel Credit Linkage***

If Parallel Credit Linkage Provisions are specified as being applicable in the relevant Final Terms, then (i) if a Reference Entity is subject to a CDS Event, the provisions of sub-paragraph (c) shall apply as stated and (ii) if a Parallel Reference Entity is subject to the CDS Event, the provisions of sub-paragraph (c) shall be read so that references to the "**Relevant Portion**" shall be references to 100 per cent. of the Credit Linked Portion of the Note and references to the "**Reference Entity**" shall be to the Parallel Credit Reference Entity.

(c) ***Redemption and Settlement following delivery of a CDS Event Notice***

(i) Subject to sub-paragraph (b) (*Parallel Credit Linkage*) above, if the Calculation Agent delivers a CDS Event Notice to the Issuer in relation to a Reference Entity (or, in relation to a Tranched CLN if, following the occurrence of a Tranched CLN Trigger Event, the Calculation Agent delivers a CDS Event Notice to the Issuer in relation to a Remaining Reference Entity) prior to the Maturity Date (as may be extended pursuant to sub-paragraph (iv) (*Maturity Date Extension*) below), then:

(A) if "Option A" is specified as applicable in relation to CDS Event Redemption Amount, the Calculation Agent shall determine the Adjusted Fair Market Value of such Relevant Portion as of the Event Determination Date;

(B) if the CDS Event Redemption Date is specified in the applicable Final Terms to be the date falling three Business Days following the Settlement Date under the relevant Notional CDS:

(1) the Issuer shall not redeem such Relevant Portion on the Maturity Date but shall instead redeem such Relevant Portion on its CDS Event Redemption Date at its CDS Event Redemption Amount and the Issuer shall have no other payment obligations in respect of any Relevant Portion of the Notes in respect of which a CDS Event Notice has been delivered (and, in particular, but without limiting the generality of the foregoing, shall have no obligation to pay the Final Redemption Amount that would otherwise be payable by the Issuer on the Maturity Date in respect of such Relevant Portion); and

(2) in relation to (i) any Relevant Portion of the Note in respect of which no CDS Event Notice has been delivered and (ii) any portion of the Note which is not Credit Linked, the Final Redemption Amount payable in accordance with Condition 6(a)(i) (*Final Redemption*) shall be calculated in accordance with the Conditions, Terms and applicable Final Terms without regard to the provisions of this Part F (*Additional Terms of the Credit Linked Notes*) *provided that* for the purposes of such calculation, to the extent that the CDS Event Redemption Date in relation to any Relevant Portion in respect of which a CDS Event Notice has been delivered falls after the Maturity Date, the outstanding notional amount of such Notes will be deemed to be reduced in proportion with any such Relevant Portion(s).

(C) if the CDS Event Redemption Date is specified in the applicable Final Terms to be the Maturity Date then, subject to adjustment in accordance with Additional Term 4(c)(i)(D) below, the Issuer shall redeem the Note on the Maturity Date at its Final Redemption Amount, which will be an amount equal to the aggregate of:

(1) the CDS Event Redemption Amounts in relation to each Relevant Portion of the Note in relation to which a CDS Event Notice has been delivered, calculated in accordance with this Part F (*Additional Terms of the Credit Linked Notes*); and

(2) the Final Redemption Amounts in relation to (i) any Relevant Portion of the Note in respect of which no CDS Event Notice has been delivered, and (ii) any portion of the Note which is not Credit Linked, and (iii) where Fixed Recovery is specified in relation to Tranched CLNs, any portion of the Credit Linked Portion which has not become a Relevant Portion on or prior to the Maturity Date, calculated in accordance with the Conditions, Terms and applicable Final Terms without regard to the provisions of this Part F (*Additional Terms of the Credit Linked Notes*) *provided that* for the purposes of such calculation the outstanding notional amount of such Notes will be deemed to be reduced in proportion with any Relevant Portion in relation to which a CDS Event Notice has been delivered.

(D) Notwithstanding Additional Term 4(c)(i)(C) above, if the CDS Event Redemption Date is specified in the applicable Final Terms to be the Maturity Date and the Settlement Date under the relevant Notional CDS for any Relevant Portion of the Note has not occurred by the day falling three Business Days prior to the scheduled Maturity Date for such Note (any such Relevant Portion an "**Affected Portion**"), then (i) in relation to any Relevant Portion of the Note which is not an Affected Portion, the Final Redemption Amount will be calculated and paid in accordance with Additional Term 4(c)(i)(C) above, and (ii) in relation to any Affected Portion, the CDS Event Redemption Date (and payment of the related CDS Event Redemption Amount) in relation to such Affected Portion will be postponed to the day falling three Business Days following the Settlement Date under the relevant Notional CDS in relation to such Affected Portion. For the avoidance of doubt, the holder of the Note shall not be entitled to any interest or other payment in respect of any postponed payment of the CDS Event Redemption Amount in relation to an Affected Portion.

(d) ***Notice***

The Calculation Agent shall, on behalf of the Issuer, give notice to the holders of the relevant Series of Notes (copied to the Issuer) of:

(A) in relation to Tranched CLNs only, the occurrence of a Tranched CLN Trigger Event;

(B) the giving of any CDS Event Notice; and

(C) the determination of any CDS Event Redemption Date (if the CDS Redemption Date is not the Maturity Date) or CDS Event Redemption Amount.

(e) ***Maturity Date Extension***

If the Calculation Agent determines at any time prior to the Maturity Date that an Event Determination Date may occur or may be determined under the Notional CDS following the Maturity Date, it shall give notice (an "**Extension Notice**") to the holders of the relevant Series of Notes (with a copy to the Issuer) stating that the Maturity Date of the Relevant Portion of the Notes shall be extended to the date that is three Business Days following the date the Calculation Agent determines an Event Determination Date will not occur under the Notional CDS.

(f) ***Interest***

Interest (if any) on the Relevant Portion of the Notes shall cease to accrue from (but excluding) the Interest Accrual Cessation Date.

(g) ***Interest Postponement***

If the Calculation Agent determines that the Credit Derivatives Determinations Committee is considering a request as to whether or not a CDS Event has occurred in respect of the Reference Entity and any resolution would be relevant to the Notional CDS and the Credit Derivatives Determinations Committee has not resolved the issue as of an Interest Payment Date under the Notes, payment of interest otherwise due on the Notes on such date will be suspended. If the Calculation Agent subsequently determines that no Event Determination Date occurred under the Notional CDS, such interest amount shall be payable on the Notes on the second Business Day after such determination. If the Calculation Agent determines that an Event Determination Date occurred under the Notes and the CDS prior to the relevant Interest Payment Date, no payment of the suspended interest will be made. No additional amount in respect of interest and no adjustment shall be made to the amount of any interest in connection with the delay or postponement of any payment of interest pursuant to this paragraph. The

Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 13 (*Notices*) as soon as is reasonably practicable should any payment of interest be suspended and/or postponed pursuant to this paragraph.

(h) ***Restructuring CDS Event***

If the Calculation Agent determines that any Event Determination Date under the Notional CDS is in relation to a "**Restructuring**" CDS Event under the Notional CDS, the Calculation Agent may deliver multiple CDS Event Notices in relation to such Relevant Portion as if multiple Event Determination Dates had occurred under the Notional CDS. If the Calculation Agent delivers a CDS Event Notice in respect of part only of the Relevant Portion, the Calculation Agent shall specify in such CDS Event Notice the principal amount of such part and the provisions of sub-paragraph (c) (*Redemption and Settlement following CDS Event Notice*) below shall apply only to such part of the Relevant Portion. The provisions of this Term shall continue to apply to any subsequent CDS Event Notice(s) delivered in respect of such remaining Relevant Portion.

(i) ***Early Redemption***

If, following a CDS Event Notice Date, an Automatic Early Redemption Event occurs in respect of any Credit Linked Note or a redemption in accordance with Condition 6(b) (Early Redemption), references in this Additional Term 4 (*ISDA Credit Linkage*) to "**Maturity Date**" shall be references to the Automatic Early Redemption Date or such other such date fixed for the redemption of the Note (as applicable) and references to the Final Redemption Amount shall be references to the Automatic Early Redemption Amount or the Early Redemption Amount (as applicable).

(j) ***Removal of Reference Entities***

(i) The applicable Final Terms shall specify whether any or all of the Reference Entities will be removed as Reference Entities during the life of the Notes. If a Reference Entity Removal Date is specified in relation to a Reference Entity, on such date the relevant Reference Entity will cease to be a Reference Entity in relation to the Notes.

(ii) If one or more (but not all) of the Reference Entities are removed during the life of the Notes, the Reference Entity Removal Provisions in the Final Terms will specify whether, after the removal of such Reference Entity or Reference Entities, the Relevant Portion or Relevant Portions in relation to such Reference Entity or Reference Entities will be adjusted or unadjusted.

(A) If the Relevant Portion or Portions relating to a Reference Entity or Reference Entities which have been removed is specified to be adjusted, the Reference Entity Weighting in respect of the remaining Reference Entity or Reference Entities will be adjusted (in equal proportions) to include the Relevant Portion or Relevant Portions in relation to the Reference Entity or Reference Entities which have been removed.

(B) If the Relevant Portion or Portions relating to a Reference Entity or Reference Entities which have been removed is specified to be unadjusted, such portion of the Notes will cease to be Credit Linked.

(k) ***Substitution***

On the occurrence of a Substitution Event in relation to a Reference Obligation or a Parallel Reference Obligation, the Issuer may replace the Reference Obligation or Parallel Reference Obligation (as applicable) with a "**Substitute Reference Obligation**" (as determined in accordance with the relevant Notional CDS) on providing written notice to Noteholders in accordance with Condition 13 (*Notices*).

(l) ***Succession***

If the Calculation Agent determines that, in relation to any Reference Entity or Parallel Reference Entity (the "**Affected Reference Entity**"), more than one Successor to such Affected Reference Entity would be determined under the relevant Notional CDS, then:

(i) in relation to Single Name CLNs, Basket CLNs and Index CLNs and Tranched CLNs after the occurrence of a Tranched CLN Trigger Event:

(A) the Affected Reference Entity will no longer be a Reference Entity (unless it is a Successor as described in (B) below);

(B) each of the Successors will be deemed to be a Reference Entity for the purposes of such Single Name CLN, Basket CLN, Index CLNs or Tranched CLN;

(C) (except in relation to Tranched CLNs in relation to which Fixed CLN Percentage is specified to be applicable) the Reference Entity Weighting or Equal Weighting Percentage (as applicable) applicable to each of the Successors shall be a percentage equal to the Reference Entity Weighting or Equal Weighting Percentage (as applicable) applicable to the original Reference Entity divided by the number of Successors;

(D) the Calculation Agent may, at its discretion, make any modifications to the terms of the Credit Linked Notes which may be required to preserve the economic effects of the Credit Linked Notes prior to the relevant succession (considered in the aggregate); and

(E) for the avoidance of doubt, a Reference Entity may, as a result of a succession, be represented multiple times in respect to different Relevant Portions.

(ii) in relation to Tranched CLNs prior to the occurrence of a Tranched CLN Trigger Event:

(A) the Affected Reference Entity will no longer be a Reference Entity (unless it is a Successor as described in (B) below);

(B) each of the Successors will be a Reference Entity for the purposes of such Tranched CLN, and the Initial Weighting of each such Successor shall be a percentage equal to the Initial Weighting applicable to the original Reference Entity divided by the number of Successors;

(C) the Calculation Agent may, at its discretion, make any modifications to the terms of the Credit Linked Notes which may be required to preserve the economic effects of the Credit Linked Notes prior to the relevant succession (considered in the aggregate); and

(D) for the avoidance of doubt, a Reference Entity may, as a result of a succession, be represented multiple times in respect to different Relevant Portions.

(m) ***Definitions***

Terms used in these Additional Terms for Credit Linked Notes but not defined in the Conditions shall have the meanings set out below or if not defined below, the 2014 ISDA Credit Derivatives Definitions, (as defined below):

"**Adjusted Fair Market Value**" "**Adjusted Fair Market Value**" means

(i) in relation to any Relevant Portion of a Single Name CLN, Basket CLN or Index CLN (as applicable), as of any date, its fair market value, as of such date, disregarding the effect of any Credit Event (as defined in the 2014 ISDA Credit Derivatives Definitions) on the value of the Relevant Portion, less any costs, expenses, fees, or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with the Notes.

(ii) in relation to any Relevant Portion of a Tranched CLN, zero;

"**Auction Final Price**" means the relevant auction final price as may be published by ISDA or any administrator of any auction coordinated by ISDA from time to time and that would be applicable to the Notional CDS;

"**CDS Event Notice**" means, in relation to any Reference Entity or Parallel Credit Reference Entity (as applicable), a written notice from the Calculation Agent to the Issuer stating that in the determination of the Calculation Agent an Event Determination Date would have occurred under the relevant Notional CDS;

"**CDS Event Notice Date**" means the date on which the Calculation Agent gives a CDS Event Notice to the Issuer;

"**CDS Event Redemption Amount**" means, in relation to a Relevant Portion of a Note in respect of which a CDS Event Notice has been delivered, either:

(a) if Option A is specified (in paragraph 39(j)(vi) of the applicable Final Terms in relation to a Reference Entity and paragraph 39(k)(vii) of the applicable Final Terms in relation to a Parallel Credit Reference Entity), a cash amount equal to the product of:

(i) the Recovery Rate; and

(ii) the Adjusted Fair Market Value of such Relevant Portion as of the CDS Event Notice Date; and

(iii) the Credit Linked FX Factor; or

(b) if Option B is specified (in paragraph 39(j)(vi) of the applicable Final Terms in relation to a Reference Entity and paragraph 39(k)(vii) of the applicable Final Terms in relation to a Parallel Credit Reference Entity), the sum of:

(i) the product of (i) the outstanding notional amount of such Relevant Portion as of the CDS Event Notice Date, and (ii) the Recovery Rate; and

(ii) any gain, loss, expenses, fee or taxes incurred by the Issuer or any of its affiliates in respect of amending or liquidating any financial instruments or transactions entered into in connection with such Relevant Portion as of the Credit Event Notice Date;

"**CDS Event Redemption Date**" means, in relation to the Relevant Portion of a Single Named CLN, Basket CLN and/or Index CLN relating to a Reference Entity or Parallel Credit Reference Entity (as applicable), either (i) the date falling three Business Days following the Settlement Date under the relevant Notional CDS, or (ii) the Maturity Date (subject to adjustment in accordance with Additional Term 4(c)(i)(D)), as specified in paragraph 39(j)(vii) of the applicable Final Terms in relation to a Reference Entity and paragraph 39(k)(viii) of the applicable Final Terms in relation to a Parallel Credit Reference Entity;

"**CDS Valuation Date**" means the date that is five Business Days after the Event Determination Date;

"**Credit Derivatives Determinations Committee**" means the relevant committee established by ISDA for the purposes of reaching certain resolutions in connection with credit derivatives transactions that would include the Notional CDS;

"**Credit Linked FX Factor**" means the Credit Linked FX Factor specified in the Final Terms, or if Credit Linked FX Factor is specified as Not Applciable in the applicable Final Terms, shall mean 100 per cent.;

"**Event Determination Date**" shall have the meaning given such term in the Notional CDS;

"**Fixed Recovery Rate**" means in relation to any Reference Entity or Parallel Credit Reference Entity (as applicable) the percentage specified as such in the applicable Final Terms;

"**Full Quotation**" means each firm bid quotation (expressed as a percentage of the outstanding principal balance of the Reference Obligation or Parallel Reference Obligation (as applicable)) obtained from a Relevant Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligations or Parallel Reference Obligations (as applicable) the case may be, with an outstanding principal balance equal to the Quotation Amount;

"**General Recovery Rate** " means in relation to any Reference Entity or Parallel Credit Reference Entity (as applicable), the Auction Final Price or, if the Calculation Agent determines no relevant Auction will be held, the Final Price (as applicable) that would be applicable under the relevant Notional CDS if Cash Settlement were the applicable Fallback Settlement Method and the Reference Obligation or Parallel Reference Obligation (as applicable) was any one or more Obligations, as selected by the Calculation Agent in its sole and absolute discretion, that would have constituted Deliverable Obligations in respect of the Notional CDS, subject, if applicable, to the Recovery Rate Gearing specified in the Final Terms;

"**Initial Weighting**" means, in relation to any Series of Notes, the weighting assigned to a specific Reference Entity specified as such in the applicable Final Terms, or if "**Equal Initial Weighting**" is specified to be applicable, the Initial Weighting for each Reference Entity will be an equally weighted percentage portion of the Credit Linked Portion;

"**Interest Accrual Cessation Date**" means either (i) the Interest Payment Date immediately preceding the Event Determination Date or, in the case of a Event Determination Date occurring during the first Interest Period, the Interest Commencement Date, or (ii) the date specified in the CDS Event Notice as the date on which the Credit Event triggering the relevant Event Determination Date (each term as defined in the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc.) occurred, as specified in the Final Terms;

"**ISDA Credit Derivatives Definitions**" means the 2014 ISDA Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), as may be further supplemented from time to time as of the Issue Date; and as may be further supplemented or amended after the Issue Date in accordance with any industry protocols;

"**Market Value**" means, with respect to a Reference Obligation or Parallel Reference Obligation (as applicable) on the CDS 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 are obtained 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 as determined by the Calculation Agent 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 CDS Valuation Date the Market Value shall be any Full Quotation obtained from a Relevant 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 Reference Obligation or Parallel Reference Obligation (as applicable), as the case may be, obtained from Relevant 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;

"**Notional CDS**" means, in relation to any Reference Entity or Parallel Credit Reference Entity, as applicable, a notional credit derivative transaction entered into on market standard terms:

(a) incorporating the ISDA Credit Derivatives Definitions;

(b) where such market standard terms contemplate an election between referencing senior or subordinated obligations, referencing obligations of the Seniority Level specified in paragraph 39(j)(ii) of the applicable Final Terms in relation to a Reference Entity and paragraph 39(k)(iv) of the applicable Final Terms in relation to a Parallel Credit Reference Entity;

(c) having a trade date that is the same date as the Issue Date of the Notes and a scheduled termination date that is the same date as the Maturity Date of the Notes;

(d) the remaining terms as to credit linkage are consistent with the terms of such Credit Linked Note as it relates to such Reference Entity or Parallel Credit Reference Entity (as applicable); and

(e) under which any permitted determinations, elections or notices shall be made or deemed sent at the discretion of the Calculation Agent,

as determined by the Calculation Agent;

"**Parallel Credit Reference Entity**" means, in relation to any Series of Notes, an entity specified as such in the applicable Final Terms or any Successor thereto;

"**Parallel Reference Obligation**" means, in relation to any Series of Notes, any obligation specified as such in paragraph 39(k)(ii) of the applicable Final Terms, or if a Substitute Reference Obligation is determined in relation to such Parallel Reference Obligation, such Substitute Reference Obligation;

"**Quotation**" means, in respect of a Reference Obligation or Parallel Reference Obligation (as applicable) each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Relevant CDS Valuation Date in the manner that follows:

(a) the Calculation Agent shall attempt to obtain Full Quotations with respect to each Relevant CDS Valuation Date from five or more Relevant 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 CDS Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the such CDS Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Relevant Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation;

(b) 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 Relevant CDS Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Relevant 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 Reference Obligation or Parallel Reference Obligation (as applicable) obtained from Relevant 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;

(c) The Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation or Parallel Reference Obligation (as applicable) whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination; and

(b) if any Quotation obtained with respect to an accreting obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance of the Reference Obligation or Parallel Reference Obligation (as applicable);

"**Quotation Amount**" means with respect to a Reference Obligation or Parallel Reference Obligation (as applicable), the amount specified in the Final Terms (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent;

"**Recovery Rate**" means:

(a) General Recovery Rate;

(b) Specific Recovery Rate;

(c) Zero Recovery Rate; and

(d) Fixed Recovery Rate,

so specified in paragraph 39(d) of the applicable Final Terms in relation to a Reference Entity and paragraph 39(k)(iii) of the applicable Final Terms in relation to a Parallel Credit Reference Entity;

"**Recovery Rate Gearing**", if applicable, the percentage by which the Recovery Rate is multiplied (as specified in paragraph 39(j)(iv) of the applicable Final Terms in relation to

a Reference Entity and paragraph 39(k)(vi) of the applicable Final Terms in relation to a Parallel Credit Reference Entity);

"**Reference Entity**" means, in relation to any Series of Notes, each entity specified as such in the applicable Final Terms or any Successor(s) thereto (together being the "**Reference Entities**");

"**Reference Entity Removal Date**" means the date on which a Reference Entity will be removed, as specified in the applicable Final Terms;

"**Reference Entity Weighting**" has the meaning set out in Additional Term 1.2;

"**Reference Obligation**" means, in relation to any Series of Notes, any obligation specified as such in paragraph 39(j)(i) of the applicable Final Terms, or if a Substitute Reference Obligation is determined in relation to such Reference Obligation, such Substitute Reference Obligation;

"**Relevant Dealer**" means, a dealer in obligations of the type of the Reference Obligation, as determined by the Calculation Agent;

"**Remaining Reference Entity**" means, in relation to any Series of Notes, each Reference Entity in relation to which no CDS Event Notice has been delivered on the Tranched CLN Trigger Event Date;

"**Specific Recovery Rate**" means in relation to any Reference Entity and a specified Reference Obligation, or a Parallel Credit Reference Entity and a specified Parallel Reference Obligation (as applicable), a percentage determined by reference to the Market Value of such Reference Obligation or Parallel Reference Obligation (as applicable) as determined by the Calculation Agent, subject, if applicable, to the Recovery Rate Gearing specified in the Final Terms;

"**Successor**" means, in relation to a Reference Entity or Parallel Reference Entity, the entity or each of the entities which the Calculation Agent determines would be a successor to such entity under the relevant Notional CDS;

"**Substitution Event**" means the determination by the Credit Derivatives Determinations Committee or the Calculation Agent (as applicable) that any one or more of the following events has occurred:

(a) the original Reference Obligation or Parallel Reference Obligation (as applicable) is redeemed in whole;

(b) a substantial reduction of the aggregate amounts due under the original Reference Obligation or Parallel Reference Obligation (as applicable); or

(c) for any reason, other than due to the delivery of a CDS Event Notice, the original Reference Obligation or Parallel Reference Obligation (as applicable) is no longer an obligation of the Reference Entity or Parallel Credit Reference Entity (as applicable);

"**Tranched CLN Trigger Event**" means that CDS Event Notices have been delivered in relation to a number of Reference Entities which together comprise a percentage of the total number of Reference Entities which is greater than or equal to the Tranched CLN Trigger Percentage, as determined by the Calculation Agent;

"**Tranched CLN Trigger Event Date**" means the CDS Event Notice Date in relation to the CDS Event Notice giving rise to the occurrence of a Tranched CLN Trigger Event;

"**Tranched CLN Trigger Percentage**" means the percentage specified as such in the applicable Final Terms;

"**Weighted Average Quotation**" means, in accordance with the bid quotations provided by the Relevant Dealers, the weighted average of firm quotations obtained from the Relevant Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation or Parallel Reference Obligation (as applicable) with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to USD1,000,000 (or its equivalent in the relevant currency of the Reference Obligation or Parallel Reference Obligation (as applicable)) or, if quotations of such size are not available, quotations as near in size thereto as practicable) that in the aggregate are approximately equal to the Quotation Amount; and

"**Zero Recovery Rate**" means in relation to any Reference Entity or Parallel Credit Reference Entity (as applicable), zero.

GLOSSARY

The following is a glossary explaining certain technical terms used in this Base Prospectus.

a "charge"	means an English law security interest that does not transfer an ownership interest in the asset which is the subject of the security and, which, among other things typically gives to the secured party a right to sell the asset upon enforcement of the charge and to apply the proceeds in or towards satisfaction of the obligations secured by it.
"**Credit Derivatives Determinations Committee**"	means a relevant committee established by ISDA for the purposes of reaching certain resolutions in connection with credit derivatives transactions.
"**FATCA**"	means sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (as amended or successor provisions).
a "**fixed charge**"	means a charge over an asset which attaches to the asset upon the creation of the charge or (if later) upon the security-giver acquiring the asset.
a "**floating charge**"	means a charge which does not initially attach to specific assets but instead attaches to a shifting fund of assets over which it "hovers". On or before enforcement it "crystallises" and attaches to the specific assets comprised in the shifting fund at that time.
"**global form**"	means notes will be initially issued in the form of a global note.
"**ISDA**"	means the International Swaps and Derivatives Association, Inc.
"**Hedging Event**"	means the occurrence of any event or circumstance that would make it impossible or impracticable for the Issuer or any counterparty of the Issuer to enter or maintain any hedging arrangement that the Issuer deems necessary in respect of the Notes, or that increases the cost to the Issuer or such counterparty (as compared to the cost at the Issue Date) of entering into or maintaining such hedging arrangement.
"**Reference Entity**"	means in relation to a Credit Linked Note, one or more financial institutions or corporations listed on a regulated exchange or sovereign entity or entities or any Successor(s).
"**Reference Obligation**"	means in relation to a Credit Linked Note, a debt obligation of the relevant Reference Entity as specified in the applicable Final Terms.
"**Regulated Market**"	means a regulated market for the purposes of EU Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**")).
"**subordination**"	means, in relation to an obligations of a Reference Entity, a subordinated obligation of a company under which the lender's claim is not to be paid until the claims of senior lenders have been paid in full. In event of a bankruptcy, the subordinated claims will only be paid after any senior finance has been repaid in full. Refer to the diagram below for further information on subordination in relation to a hypothetical Reference Entity.
"**Uncertificated Registered Notes**"	means Notes in uncertificated registered form (such Notes being recorded on a register as being held in uncertificated book-entry form).

Diagram providing a further illustrative explanation in relation to subordination:

	Type of obligation	Examples of Reference Entity obligations
Higher ranking	Proceeds of a fixed charge over assets of the Reference Entity	
	Expenses of the liquidation/administration	
	Preferential creditors	Including remuneration due to employees of the Reference Entity.
	Proceeds of a floating charge over assets of the Issuer	
	Unsecured senior obligations	For example, certain of the Reference Entity's trading liabilities and unsecured debt obligations.
	Unsecured subordinated obligations	For example, the Reference Entity's subordinated liabilities.
Lower ranking	Shareholders	The ordinary shareholders of the Reference Entity

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