BASE PROSPECTUS (FOLLETO DE BASE)

BBVA Global Markets B.V.

(a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid)
incorporated under Dutch law with its seat in Amsterdam, the Netherlands but its tax residency in Spain Incorporated with limited liability in Spain)

€2,000,000,000 Structured Medium Term Note Programme (Programa de Emisión de Renta Fija y Notas Estructuradas)

unconditionally and irrevocably guaranteed by

Banco Bilbao Vizcaya Argentaria, S.A.

(incorporated with limited liability in Spain)

Under this €2,000,000,000 Structured Medium Term Note Programme (the "**Programme**") described in this Base Prospectus BBVA Global Markets B.V. (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed with the relevant Dealer (as defined below).

This document (this "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the 2010 PD Amending Directive) and has been prepared in accordance with Annexes IV, V, VI, XI, XII, XXII and XXX of Regulation (EC) No 809/2004.

The terms and conditions of the Notes (the "**Conditions**") will comprise the General Conditions, each Annex specified as applicable in the completed Final Terms and the completed Final Terms (each as defined below). This Base Prospectus, any supplement to this Base Prospectus (a "**Supplement to this Base Prospectus**"), any applicable Annex and the Final Terms for a Series will comprise the "**Offering Documents**".

The satisfaction of the Issuer's economic obligations (in cash or in deliverable assets) in respect of the Notes will be unconditionally and irrevocably guaranteed pursuant to a Guarantee (the "**Guarantee**") entered into by Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**" or the "**Guarantor**").

Notes may be issued in bearer, registered or in dematerialised book-entry form (respectively "**Bearer Notes**", "**Registered Notes**" and "**Book-Entry Notes**").

Notes may be issued whose return (whether in respect of any interest payable on such Notes and/or their redemption amount) is linked to one or more indices ("**Index Linked Notes**"), one or more shares of any company(ies) ("**Equity Linked Notes**"), one or more inflation indices ("**Inflation Linked Notes**"), one or more fund shares or units ("**Fund Linked Notes**"), the credit of a specified reference entity or reference entities ("**Credit Linked Notes**"), one or more foreign exchange rates ("**Foreign Exchange (FX) Rate Linked Notes**") or any combination thereof ("**Combination Notes**") as more fully described herein,. Notes may provide that settlement will be by way of cash settlement (**Cash Settled Notes**) or physical delivery ("**Physical Delivery Notes**") as provided in the applicable Final Terms.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more dealers (the "**Dealers**" and each a "**Dealer**") appointed from time to time by the Issuer. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealers, be to all Dealers agreeing to subscribe for such Notes as designated in each specific issue of Notes.

Potential investors should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in light of their own circumstances and financial condition. Notes may involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Notes. For a discussion of these risks see the "Risk Factors" section on pages 58 to 93 below.

This Base Prospectus has been approved by the Comisión Nacional del Mercado de Valores (the "**CNMV**"), in its capacity as competent authority under Royal Legislative Decree 4/2015, of 23 October, that enacted the consolidated reinstated text of Law 24/1988 on the Securities Market Act (Ley del Mercado de Valores) and relevant implementing measures in Spain, as a base prospectus. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been listed and admitted to trading on the AIAF Fixed Income Securities Market ("**AIAF**"). AIAF is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

The Notes, the Guarantee and any Entitlement (s) as defined below have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "Form of the Notes" for a description of the manner and form in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale and Transfer and Selling Restrictions".

The Issuer is incorporated under Dutch law and has its seat in Amsterdam, the Netherlands but has its tax residency in Spain. The Guarantor is incorporated and has its tax residency in Spain, Potential investors should note the statements on pages 357 to 365 (inclusive) regarding the tax treatment in Spain of income obtained in respect of the Notes.

The Issuer and the Guarantor may agree with the relevant Dealer that Notes may be issued in a form not contemplated by the "*Terms and Conditions of the Notes*" set out herein, in which event a Supplement to this Base Prospectus, if appropriate, will be made available which describes the effect of the agreement reached in relation to the Notes.

Dealer and Arranger

Banco Bilbao Vizcaya Argentaria, S.A.

The date of this Base Prospectus is 31 March, 2016

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respet of the Notes, the issue price of the Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be filed with the CNMV and published on its website (www.cnmv.es) and on the Guarantor's website (www.bbva.com). Copies of the Final Terms will be available from the specified office of the Principal Paying Agent (as defined below)

The Issuer and the Guarantor (the "**Responsible Persons**") accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Responsible Persons (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with the relevant Final Terms and all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*") This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus. The Dealers (other than BBVA in its capacity as the Guarantor) have not 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 (other than BBVA as aforesaid) as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No Dealer 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 or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor 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, the Guarantor or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer, the Guarantor or the relevant Dealer 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 investor 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 and/or the Guarantor. 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 or the Guarantor or the relevant Dealer 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 and/or the Guarantor 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 Issuer and the Guarantor 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 a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The relevant Dealer expressly does not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Important information relating to the use of this Base Prospectus and Offers of the Notes generally.

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 Guarantor and the relevant Dealer 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 Guarantor or the relevant Dealer which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. 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, Italy, France and Spain); see "*Subscription and Sale and Transfer and Selling Restrictions*".

None of the Issuer, the Guarantor nor the relevant Dealer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Base Prospectus has been prepared on the basis that, except as otherwise specified in the Final Terms , any offer of Notes in any "**Relevant Member State**" will be made pursuant to an exemption under the Prospectus Directive and pursuant to the passport regime foreseen in said Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in the Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer, the Guarantor or the Dealer(s) 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) if a prospectus for such offer 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 and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, none of the Issuer, the Guarantor or the Dealer(s) have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Dealer(s) to publish or supplement a prospectus for such offer.

The Base Prospectus has been prepared on the basis that Notes may be directed to any category of potential investors unless specified otherwise in the applicable Final Terms.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisors, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable Supplement to this Base Prospectus and all the information contained in the Final Terms;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the specified currency for principal or interest payments of the Notes is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;

(e) in respect of Notes linked to the performance of, without limitation, one or more, or a combination of, underlying shares or depositary receipts, indices, rates of interest, other rates, foreign exchange rates, funds, inflation indices and/or entities (together, "**Reference Items**" and each, an "**Reference Item**") (in respect of such Notes, together, "**Reference Item Linked Notes**" and each an "**Reference Item Linked Note**"), understands thoroughly (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the nature of each such Reference Item Linked Note; and

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

None of the Issuers, Guarantors, Dealers or any affiliate of BBVA has given, and will not give, to any potential investor in the Notes (either directly or indirectly) any assurance, advice, recommendation or guarantee as to the merits, performance or

suitability of such Notes, and the investor should be aware that the Issuer is acting as an arm's-length contractual counterparty and not as an advisor or fiduciary.

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved.

The Programme is rated BBB+ by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Baa1 by Moody's Investors Services España, S.A. ("**Moody's**"). The Guarantor has been rated BBB+ by S&P, Baa1 by Moody's and A- by Fitch Ratings España, S.A.U. ("**Fitch**"). The Issuer has been rated BBB+ by S&P. Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

No website referred to in this Base Prospectus forms part of this Base Prospectus.

TABLE OF CONTENTS

SUMMARY 7
RISK FACTORS 58
DOCUMENTS INCORPORATED BY REFERENCE 94
FORM OF THE NOTES 95
FORM OF APPLICABLE FINAL TERMS 99
TERMS AND CONDITIONS OF THE NOTES 152
ANNEX 1 ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS 190
ANNEX 2 ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES 213
ANNEX 3 ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES 226
ANNEX 4 ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES 242
ANNEX 5 ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES 248
ANNEX 6 ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES 263
ANNEX 7 ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES 320
USE OF PROCEEDS 327
DESCRIPTION OF BBVA GLOBAL MARKETS B.V. 328
DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. 334
BOOK-ENTRY CLEARANCE SYSTEMS 355
TAXATION 357
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS 366
CONSENT 371
GENERAL INFORMATION 372
SIGNATORIES 375

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 the Notes and the 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 a 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 should be included in the summary explaining why it is not applicable.*

Section A – Introduction and warnings

Element	
A.1	**This summary should be read as an introduction to the Base Prospectus and the Final Terms.** **Any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference, and the Final Terms.** **Where a claim relating to information contained in the Base Prospectus and the Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the Final Terms before the legal proceedings are initiated.** **Civil liability attaches to the Issuer or the Guarantor in any such Member State solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the Final Terms or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of the Base Prospectus and the Final Terms, key information in order to aid investors when considering whether to invest in the Notes.**
A.2	Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation pursuant to Article 3.2 of the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**".*[delete this paragraph when preparing an issue specific summary]* ***[Issue specific summary:*** [Not applicable – The Notes are not being offered to the public as part of a Non-exempt Offer] *[Consent:* The Issuer consents to the use of the Base Prospectus in connection with a Non-exempt Offer of Notes by the Dealer(s)[, [*names of specific financial intermediaries listed in final terms*,] [and] [each financial intermediary whose name is published on the Issuer's website ([www.bbva.com]) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer]. *Offer period:* The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [*offer period for the issue to be specified here*] (the "**Offer Period**"). *Conditions to consent:* The conditions to the Issuer's consent are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of the Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Spain **AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND OTHER CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]**

SUMMARY

Section B – Issuer and Guarantor

Element	Title	
B.1	**Legal and commercial name of the Issuer:**	BBVA Global Markets B.V.
B.2	**Domicile/ legal form/ legislation/ country of incorporation:**	The Issuer is a private company with limited liability *(besloten vennootschap met beperkte aansprakelijkheid*) and was incorporated under the laws of the Netherlands on 29th October, 2009. The Issuer's registered office is Calle Sauceda, 28, 28050 Madrid, Spain and it has its "place of effective management" and "centre of principal interests" in Spain.
B.4b	**A description of the most significant recent trends affecting the issuer and the industries in which it operates.**	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.
B.5	**Description of the Group:**	The Issuer is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A and does not have any subsidiaries of its own. Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated subsidiaries (the "**Group**") is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.
B.9	**Profit forecast or estimate:**	Not Applicable - No profit forecasts or estimates have been made in this Base Prospectus.
B.10	**Audit report qualifications:**	Not Applicable - No qualifications are contained in any audit report included in this Base Prospectus or in the Registration Document (Documento de Registro) of the Guarantor.
B.12	The key audited financial data for the Issuer are as follows: ***Income Statement*** The table below sets out summary information extracted from the Issuer's audited consolidated income statement for each of periods ended 31 December 2014 and 31 December 2013 and the Issuers unaudited consolidated income statement for the period ended 30 June 2015 and 30 June 2014.	

Thousands of euros	**30.06.2015**	**30.06.2014(*)**	**31.12.2014**	**31.12.2013(*)**
- Other operating expenses	(59)	(2)	(26)	(26)
- Interest income and similar income	31,280	25,231	35,643	42,767
- Interest expense and similar expenses	(31,049)	(25,139)	(35,563)	(42,600)
- Exchange rate differences	34	2	42	7

SUMMARY

Element	Title				
	Result of the year before tax	206	92	96	134
	- Income tax	(62)	(28)	(29)	(40)
	Result of the year from continued operations	144	64	67	94
	Total comprehensive result of the year	144	64	67	94

(*) Presented for comparison purposes only.

Statement of Financial Position

The table below sets out summary information extracted from the Issuer's audited statement of financial position as at 31 December, 2014 and 31 December 2013 and the Issuers un-audited statement of financial position as at 30 June 2015 and 30 June 2014:

Thousands of euros	**30.06.2015**	**30.06.2014(*)**	**31.12.2014**	**31.12.2013(*)**
ASSETS:				
Non-current assets				
- Long-Term deposits due from Parent	564,567	417,609	418,215	377,813
- Derivatives	37,416	39,199	37,882	36,328
- Other assets	-	-	-	9
Current assets				
- Short-Term deposits due from Parent	43,154	6	75,670	3,406
- Derivatives	2,784	94	1,134	632
- Cash and cash equivalents	11	81	54	84
- Interest receivable from Parent	72,835	45,701	59,087	38,198
- Other assets	55	-	--	-
		-		-
Total assets	**720,822**	**509,652**	**592,042**	**456,380**
LIABILITIES:				
Long-Term liabilities				
- Long-Term debt securities issued	564,638	417,829	417,897	377,708

SUMMARY

Element	Title					
	- Derivatives	2,784	94	52,125-	632 9	
	- Other liabilities		-			
	Short-Term liabilities					
	- Short-Term debt securities issued	43,154	6,968	25,030	3,406	
	- Derivatives	2,784	94	52,125	632	
	- Interest payable to third parties	72,196	45,208	58,752	38,124	
	- Other liabilities	24	-	24	24	
	- Credit account	153	80	81	54	
	- Current tax liabilities	88	52	26	27	
	Total liabilities	**720,453**	**509,430**	**591,817**	**456,222**	
	SHAREHOLDER'S EQUITY:					
	Capital					
	- Issued share capital	90	90	90	90	
	- Other reserves	135	68	68	(26)	
	- Result for the period	144	64	67	94	
	Total shareholder's equity	**369**	**222**	**225**	**158**	
	Total liabilities and shareholder's equity	**720,822**	**509,652**	**592,042**	**456,380**	
	(*) Presented for comparison purposes only.					
	Statements of no significant or material adverse change					
	There has been no significant change in the financial or trading position of the Issuer since 30 June 2015					
	There has been no material adverse change in the prospects of the Issuer since 31 December 2014.					
B.13	**Events impacting the Issuer's solvency:**	Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency				
B.14	**Dependence upon other group entities:**	See Element B.5 ("Description of the Group"). The Issuer is dependent upon the Guarantor to meet its payment obligations under the Notes. Should the Guarantor fail to pay interest on or repay any deposit made by the Issuer or meet its commitment under a hedging arrangement in a timely fashion, this will have a material adverse effect on the ability of the Issuer to fulfil its obligations under Notes issued				

SUMMARY

Element	Title	
		under the Programme.
B.15	**Principal activities:**	The Issuer serves as a financing company for the purposes of the Group and is regularly engaged in different financing transactions within the limits set forth in its articles of association. The Issuer's objective is, among others, to arrange medium and long term financing for the Group and cost saving by grouping these activities.
B.16	**Controlling shareholders:**	The Issuer is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.
B.17	**Credit ratings:**	The Issuer has been assigned a rating of BBB+ by S&P. [Notes issued under the Programme may be rated or unrated. Details of the rating, if applicable, will be set out in the Final Terms.] *[Issue specific summary:* [Not applicable. The Notes have not been rated] [The Notes [have been/are expected to be] rated [specify rating(s) of Tranche being issued] by [specify rating agent(s)].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
B.18	**Description of the Guarantee:**	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under its guarantee will be direct, unconditional and unsecured obligations of the Guarantor and will rank pari *passu with* all other unsecured and unsubordinated obligations of the Guarantor.
B.19	**Information about the Guarantor:**	
B19 (B.1)	**Legal and commercial name of the Guarantor**	The legal name of the Guarantor is Banco Bilbao Vizcaya Argentaria, S.A. It conducts its business under the commercial name "BBVA".
B19 (B.2)	**Domicile/ legal form/ legislation/ country of incorporation:**	The Guarantor is a limited liability company (*a sociedad anónima or S.A.*) and was incorporated under the Spanish Corporations Law on 1st October, 1988. It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Calle Sauceda 28, 28050 Madrid, Spain.
B.19 (B.4(b))	**Trend information:**	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Guarantor's prospects for its current financial year.
B.19 (B.5)	**Description of the Group:**	The Group is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies. As of 31st December, 2015, the Group was made up of 373 consolidated entities and 116 entities accounted for using the equity method

SUMMARY

<table>
<tr><td>Element</td><td>Title</td><td></td></tr>
<tr><td></td><td></td><td>The companies are principally domiciled in the following countries: Argentina, Belgium, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Ecuador, France, Germany, Ireland, Italy, Luxembourg, Mexico, Netherlands, Netherlands Antilles, Peru, Portugal, Spain, Switzerland, Turkey United Kingdom, United States of America, Uruguay and Venezuela. In addition, BBVA has an active presence in Asia.</td></tr>
<tr><td>B.19 (B.9)</td><td>Profit forecast or estimate:</td><td>Not Applicable - No profit forecasts or estimates have been made in this Base Prospectus.</td></tr>
<tr><td>B.19 (B.10)</td><td>Audit report qualifications:</td><td>Not Applicable - No qualifications are contained in any audit report included in this Base Prospectus.</td></tr>
<tr><td>B.19 (B.12)</td><td colspan="2">Selected historical key financial information:
Income Statement
The table below sets out summary information extracted from the Group’s audited consolidated income statement for each of the periods ended 31 December 2015, and 31 December 2014.
<table>
<tr><td>Millions of euros</td><td>31.12.2015</td><td>31.12.2014</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>- Net interest income</td><td>16,022</td><td>14,382</td></tr>
<tr><td>- Gross income</td><td>23,362</td><td>20,725</td></tr>
<tr><td>- Net margin before provisions</td><td>11,254</td><td>10,166</td></tr>
<tr><td>- Operating profit before tax</td><td>4,603</td><td>3,980</td></tr>
<tr><td>Profit attributable to parent company</td><td>2,642</td><td>2,618</td></tr>
</table>
Balance Sheet
The table below sets out summary information extracted from the Group’s audited balance sheet as of 31 December 2015 and 31 December 2014.
<table>
<tr><td>Millions of euros</td><td>31.12.2015</td><td>31.12.2014</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Total Assets</td><td>750,078</td><td>631,942</td></tr>
<tr><td>Loans and advances to customers</td><td>414,165</td><td>338,657</td></tr>
<tr><td>Customer deposits</td><td>403,069</td><td>319,060</td></tr>
<tr><td>Other customer funds</td><td>94,415</td><td>79,479</td></tr>
<tr><td>Total customer funds</td><td>497,484</td><td>398,539</td></tr>
</table>
</td></tr>
</table>

SUMMARY

Element	Title	
	Total equity: 55,439 / 51,609 *Statements of no significant or material adverse change* There has been no significant change in the financial or trading position of the Group since 31st December 2015 and there has been no material adverse change in the prospects of the Group since 31st December 2015.	
B.19 (B.13)	**Events impacting the Guarantor's solvency:**	Not Applicable - There are no recent events particular to the Guarantor which is to a material extent relevant to an evaluation of its solvency.
B.19 (B.14)	**Dependence upon other Group entities:**	Not Applicable – The Guarantor is not dependent on any other Group entities.
B.19 (B.15)	**The Guarantor's Principal activities:**	The Guarantor is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has some investments in some of Spain's leading companies.Set forth below are the Group's current six operating segments: • Banking activity in Spain • Real Estate Activity in Spain • Turkey • Rest of Eurasia • Mexico • South America • United States In addition to the operating segments referred to above, the Group has a Corporate Center which includes those items that have not been allocated to an operating segment. It includes the Group's general management functions, including: costs from central units that have a strictly corporate function; management of structural exchange rate positions carried out by the Financial Planning unit; specific issues of capital instruments to ensure adequate management of the Group's overall capital position; proprietary portfolios such as industrial holdings and their corresponding results; certain tax assets and liabilities; provisions related to commitments with pensioners; and goodwill and other intangibles.
B.19 (B.16)	**Controlling shareholders:**	Not Applicable - The Guarantor is not aware of any shareholder or group of connected shareholders who directly or indirectly control the Guarantor.
B.19 (B.17)	**Credit ratings:**	The Guarantor has been rated "A-" by Fitch, "Baa1" by Moody's and "BBB+" by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SUMMARY

Section C – Securities

C.1	**Description of Notes/ISIN:**	The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency). [The Notes to be issued under the Programme may be Fixed Rate Notes, Floating Rate Notes, Index Linked Notes, Equity Linked Notes, Inflation Linked Notes, Fund Linked Notes, Credit Linked Notes, Foreign Exchange (FX) Rate Linked Notes, Zero Coupon Notes, Partly Paid Notes or a combination of the foregoing.] (*Adjust this paragraph when preparing an issue specific summary).* ***[Issue specific summary:*** Title of Notes: [●] Series Number: [●] Tranche Number: [●] ISIN Code: [●] Common Code: [●]] [The Notes will be consolidated and form a single series with [*identify earlier Tranches*] on [the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [date]]
C.2	**Currency:**	Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue. Payments made in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated. (*Delete this paragraph when preparing an issue specific summary*) ***[Issue specific summary:*** The specified currency of this Series of Notes is [*specify*]
C.5	**Restrictions on transferability:**	Not Applicable - There are no restrictions on the free transferability of the Notes. However, selling restrictions apply to offers, sales or transfers of the Notes under the applicable laws in various jurisdictions. A purchaser of the Notes is required to make certain agreements and representations as a condition to purchasing the Notes.
C.8	**Rights attached to the Notes, including ranking and limitations on those rights:**	***Status of the Notes and the Guarantee*** The Notes will constitute direct, unconditional, unsecured and unsubordinated and will rank and will rank *pari passu* among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's rights. The Notes will have the benefit of an unconditional and irrevocable guarantee by the Guarantor. Such obligations of the Guarantor pursuant to the Guarantee will constitute direct, unconditional and unsecured

		obligations of the Guarantor and rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor. ***Negative pledge*** The Notes do not have the benefit of a negative pledge. ***Events of default*** The terms of the Notes will contain, amongst others, the following events of default: (a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer or the Guarantor of any of their respective other obligations under the conditions of the Notes or the Guarantee, continuing for a specified period of time; (c) non-payment or cross acceleration of any capital market indebtedness of the Issuer where the nominal amount of such indebtedness is in excess of US$50,000,000 (or equivalent in another currency) or any guarantee by the Issuer or the Guarantor of any capital market indebtedness which, in respect of the latter, is continuing for a specified period of time; (d) events relating to the insolvency or winding up of the Issuer or the Guarantor; and (e) the Guarantee ceases to be, or is claimed by the Guarantor to be, in full force and effect.
C.9	**Payment Features:**	***[Issue specific summary:*** Issue Price: [*specify*] [[*specify*] per cent. of the aggregate nominal amount [[*specify*] per Note] Issue Date: [*specify*] Calculation Amount: [*specify*] Early Redemption Amount: [*specify*] [the amortised face amount][the fair market value of the Notes less associated costs] ***Interest*** [The Notes bear interest [from their date of issue/from [*specify*]] at the fixed rate of [*specify*] per cent. per annum. The yield of the Notes is [*specify*] per cent. Interest will be paid [annually][*insert other period*] in arrear on [*specify*] in each year. The first interest payment will be made on [*specify*]. [The Notes bear interest [from their date of issue/from [*specify*]] at floating rates calculated by reference to *[specify reference rate for Notes being issued*] [plus/minus] a margin of [*specify*] per cent. Interest will be paid [semi-annually][insert other period] in arrear on [*specify*] and [*specify*] in each year, subject to adjustment for non-business days. The first interest payment will be made on [*specify*]. [The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]

SUMMARY

		[The/Each] rate of interest is [*specify*][determined on the basis set out in Element C.10 (*Derivative component in the interest payments*) ***Final Redemption*** Subject to any prior purchase and cancellation or early redemption, each Note will be redeemed on the [Maturity Date specified in Element C.16 ("*Expiration or maturity date of the Notes*") below][*specify*] at [par/*specify*] per cent. of the nominal amount [*specify*][an amount determined in accordance with the methodology set out below] (*Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, e.g. completing terms and using suffixes or adding a table where appropriate).* **Redemption (i)** FR Value **Redemption (ii) – Call** *(Insert the following if no cap or floor is applicable)* Constant Percentage + (Leverage * (FR Value – Strike Percentage)) * RI FX Rate *(Insert the following if a floor is applicable)* Constant Percentage + (Leverage * Max [Call Floor Percentage; Additional Leverage * (FR Value - Strike Percentage)) * RI FX Rate *(Insert the following if a cap is applicable)* Constant Percentage + (Leverage * Min [Call Cap Percentage; Additional Leverage * (FR Value – Strike Percentage)]) * RI FX Rate *(Insert the following if a cap and a floor are applicable)* Constant Percentage + (Leverage * Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * (FR Value – Strike Percentage) + Call Spread Percentage]]) * RI FX Rate **Redemption (iii) - Put** *(Insert the following if no cap or floor is applicable)* Constant Percentage + (Leverage * (Strike Percentage – FR Value)) * RI FX Rate *(Insert the following if a floor is applicable)* Constant Percentage + (Leverage*Max [Put Floor Percentage; Additional Leverage*(Strike Percentage – FR Value)])*RI FX Rate *(Insert the following if a cap is applicable)* Constant Percentage + (Leverage * Min [Put Cap Percentage; Additional Leverage * (Strike Percentage – FR Value)]) * RI FX Rate *(Insert the following if a cap and a floor are applicable)*

SUMMARY

		Constant Percentage + (Leverage * Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage – Put Leverage * (Strike Percentage – FR Value)]]) * RI FX Rate **Redemption (iv)** Call Constant Percentage + (Leverage * (Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * FR Value + Call Strike Percentage]])) * RI FX Rate + (Additional Leverage * (Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage – Put Leverage * FR Value]])) * RI FX Rate **Redemption (v) - Multiplier** Constant Percentage 1 + (Constant Percentage 2 + Multiplier Number * Constant Percentage 3) * FR Value **Redemption (vi) – Digital** (A) If Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and physical delivery will apply]; (B) Otherwise: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph may be different from the Final Payout Formula for the above paragraph*][no Final Redemption Amount will be payable and physical delivery will apply]. **Redemption (vii) - Digital with Knock-in** (A) If Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and physical delivery will apply]; or (B) Otherwise: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph may be different from the Final Payout Formula for the above paragraph*][no Final Redemption Amount will be payable and physical delivery will apply].

SUMMARY

		Redemption (viii) –Strike Podium n Conditions (A) If Final Redemption Condition [1] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and physical delivery will apply]; or (B) If Final Redemption Condition [2] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and Final Redemption Condition [1] is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and no Knock-in Event has occurred]: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph may be different from the Final Payout Formula for the above paragraph*][no Final Redemption Amount will be payable and physical delivery will apply]; or (C) Otherwise: [Constant Percentage 3][*select and insert the Final Payout formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph may be different from the final payout formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and physical delivery will apply]. *(The above provisions of (B) may be duplicated in case more than two Final Redemption Condition Levels apply)* **Redemption (ix) - Versus Standard** (A) If no Knock-in Event has occurred: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and physical delivery will apply]; or (B) If a Knock-in Event has occurred: [Min [Constant Percentage 2; FR Value]][Constant Percentage 2][no Final Redemption Amount will be payable and physical delivery will apply]. **Redemption (x) - Versus** (A) If no Knock-in Event has occurred: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) -*

		Multiplier" (inclusive)][no Final Redemption Amount will be payable and physical delivery will apply]; or (B) If a Knock-in Event has occurred: [Max [Constant Percentage 2 + Leverage * Option; 0]][Constant Percentage 2][no Final Redemption Amount will be payable and physical delivery will apply]. **Redemption (xi) – Knock-in Standard** (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [100% + FR Additional Rate][*select and insert the Final Payout Formula from any one of* "*Redemption (i)*" to "*Redemption (v) – Multiplier*" (*inclusive*)][no Final Redemption Amount will be payable and physical delivery will apply]; or (B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: [100%+ Coupon Airbag Percentage][*select and insert the Final Payout Formula from any one of "Redemption (i) to "Redemption (v) – Multiplier" (inclusive)); for the avoidance of doubt the selected Final Payout Formula for this paragraph may be different from the Final Payout Formula for the above paragraph*][no Final Redemption Amount will be payable and physical delivery will apply]; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred: [Min [Constant Percentage; FR Value]][Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and physical delivery will apply]. **Redemption (xii) - Twin Win** *(Insert the following if a cap is not applicable)* (A) If a Knock-out Event has occurred: [Constant Percentage 1 + (Max [Floor Percentage; Lever Down * FR Value]) * RI FX Rate] [no Final Redemption Amount will be payable and physical delivery will apply]; or (B) If no Knock-out Event has occurred: [Constant Percentage 2 +(Lever Up 1 * Max [Strike Percentage - FR Value; Floor Percentage 1]) * RI FX Rate + (Lever Up 2 * Max [FR Value - Strike Percentage 1; Floor Percentage 2])* RI

		FX Rate [no Final Redemption Amount will be payable and physical delivery will apply] *(Insert the following if a cap is applicable)* (A) If a Knock-out Event has occurred: [Constant Percentage + (Max [Floor Percentage; Lever Down * FR Value]) * RI FX Rate [no Final Redemption Amount will be payable and physical delivery will apply]; or (B) If no Knock-out Event has occurred: [Constant Percentage 2 +(Lever Up 1 * Max [Strike Percentage - FR Value; Floor Percentage 1]) * RI FX Rate +(Lever Up 2 * Min [Cap Percentage; Max [FR Value - Strike Percentage 1; Floor Percentage 2]]) * RI FX Rate][no Final Redemption Amount will be payable and physical delivery will apply]. **Redemption (xiii) - Himalaya** $Cons\tan tPercentage1 + Leverage * Max\left[\frac{1}{TotalM} * \sum_{i=1}^{M} Max\left[BestLockValue(i) - StrikePercentage(i); LocalFloorPercentage(i)\right]; 0\right]$ **Redemption (xiv) – Podium** Constant Percentage + SumRate(n) **Redemption (xv) – Booster** (A) If Final Redemption Condition is satisfied in respect of a ST Redemption Valuation Date[in the][ST Redemption Valuation Period]: Constant Percentage 1 + Max [0%; Booster Percentage* (FR Value –Strike Percentage)]; or (B) If Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the][ST Redemption Valuation Period] and no Knock-in Event has occurred: Constant Percentage 2; or (C) If Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the] [ST Redemption Valuation Period] and a Knock-in Event has occurred: Min [Constant Percentage 3; FR Value][No Final Redemption Amount will be payable and Physical Delivery will apply] **Redemption (xvi) – Bonus** (A) If no Knock-in Event has occurred: Constant Percentage 1 + Max [Bonus Percentage; Leverage (FR Value –Strike Percentage)]; or (B) Otherwise:

		[FR Value][No Final Redemption Amount will be payable and Physical Delivery will apply] ***Automatic Early Redemption*** If an Automatic Early Redemption Event occurs, then the Automatic Early Redemption Amount payable per Note of a nominal amount equal to the Calculation Amount will be: (a) [Calculation Amount * (AER Percentage + AER Additional Rate)] (b) (i) If no Knock-in Event has occurred: [Constant Percentage 1]; or (ii) If a Knock-in Event has occurred: [Min [Constant Percentage 2; Leverage * FR Value] (c) [Calculation Amount * (100% + Final Interest Rate)] For these purposes: "**Automatic Early Redemption Event**" means [the AER Value][is [greater than/ greater than or equal to/less than/less than or equal to],[the Automatic Early Redemption [Level/Price]][within the Automatic Early Redemption Range]. (*repeat as necessary*) "**Automatic Early Redemption [Level/Price]**" means [*specify level/price*] "**Automatic Early Redemption Range**" means [*specify*] ***Entitlement Amounts*** Where physical delivery applies the Notes will be redeemed by delivery of the Entitlement Amount determined as follows: *(Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, completing terms and using suffixes where appropriate)* Calculation Amount / (Constant Percentage * Performing RI Strike Price* FX) The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the "**Equity Element**") and in lieu thereof the Issuer will pay a residual amount (the "**Residual Amount**") equal to: (Entitlement Amount – Equity Element) * Physical Delivery Price * FX ***Additional Disruption Events***

		Additional Disruption Events include any change of law, hedging disruption or increased cost of hedging. *[Set out the relevant definitions from below, completing or, where not relevant, deleting the following provisions]* **Definitions** Please also see definitions contained in Element C10 (Derivative component in the interest payments) [or insert relevant definitions from that element here] "**Additional Leverage**"means [*specify percentage*]. "**AER Additional Rate**" means, in respect of a [ST AER Valuation Date] or [ST AER Valuation Period], [the AER Rate][AER Rate DCF][AER Rate MT]. "**AER Rate**" means [*specify rate*]. "**AER Rate DCF**" means a percentage calculated as the product of the AER Rate and the applicable day count fraction. "**AER Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates][Automatic Early Redemption Valuation Dates] from the Issue Date to [and including][but excluding] the [Interest Period in which the relevant Automatic Early Redemption Valuation Date falls][the date of the relevant Automatic Early Redemption Valuation Date]. "**AER Percentage**" means [*specify percentage*]. "**AER Value**" means [specify other relevant term from this summary]. "**Barrier Percentage Strike Price**" means [*specifiy percentage*] "**Basket**" means(a) if the relevant Reference Items are Indices, the basket of Indices as specified in the Final Terms; (b) if the relevant Reference Items are Shares, the basket of Shares as specified in the Final Terms; (c) if the relevant Reference Item are Inflation Indices, a basket composed of each Inflation Index specified in the Final Terms; (d) if the relevant Reference Item are Fund Shares, the Fund Basket as specified in the Final Terms; (e) if the relevant Reference Item are Subject Currencies, a basket composed of each Subject Currency specified in the Final Terms; and (f) in the case of Reference Items which are Shares, ETFs and/or Indices, where applicable, a basket of Shares, ETFs and/or Indices, as specified in the applicable Final Terms in each case subject to Weightings. "**Best Lock Value(i)**" means, in respect of a [ST Valuation Date][or ST Valuation Period], the highest RI Value on such [ST Valuation Date][ST Valuation Period] of the Reference Item(s) in Himalaya Basket(i). "**Best Replace Percentage**" means [*specify percentage*]. "**Bonus Percentage**" means [*specify percentage*]. "**Booster Percentage**" means [*specify percentage*].

SUMMARY

		"**Call Cap Percentage**"means [*specify percentage*]. "**Call Constant Percentage**" means [*specify percentage*]. "**Call Floor Percentage**" means [*specify percentage*]. "**Call Leverage**" means [*specify percentage*]. "**Call Spread Percentage**" means [*specify percentage*]. "**Call Strike Percentage**" means [*specify percentage*]. "**Cap Percentage [1][2]**" means [*specify percentage*]. "**Constant Percentage [1][2][3][4]**" means [*specify percentage*]. "**Coupon Airbag Percentage**" means [*specify percentage*]. "**Current Interest Period**" means, in respect of an Automatic Early Redemption Valuation Date, the Interest Period during which such Automatic Early Redemption Valuation Date falls. "**EDS**" means Max [Floor Percentage; Min [Constant Percentage 3 – nEDS × Loss Percentage; 0]]. "**EDS Barrier Percentage**" means [*specify percentage*]. "**Entitlement Value**" means [the Reference Item][the Worst Value][the Best Value]. "**Final Redemption Amount**" means an amount in respect of each Calculation Amount, equal to [the Calculation Amount multiplied by: [*insert relevant term from this summary*]]. For the avoidance of doubt, if the final payout is zero, no amount shall be payable in the final redemption of the Note. "**Final Coupon Rate**" means the Rate of Interest calculated in respect of the [Current Interest Period][Target Final Interest Period] (the "**Final Interest Period**"). "**Final Day Count Fraction**" means the Day Count Fraction applicable to the Final Interest Period. "**Final Interest Rate**" means [*insert one of the following*][specify][zero] [*If capped and guaranteed*:] [the AER Percentage][Target Coupon Percentage] less Paid Coupon Percentage.] [*If not capped or guaranteed*:] [the Final Coupon Rate multiplied by the Final Day Count Fraction.] [*If capped only*:] [Min [Final Coupon Rate * Final Day Count Fraction; AER Percentage or Target Coupon Percentage, as applicable, less Paid Coupon Percentage].] [*If guaranteed only*:] [Max [Final Coupon Rate * Final Day Count Fraction; AER Percentage or Target Coupon Percentage, as applicable, less Paid Coupon Percentage].] "**Final Redemption Condition Level [1][2][3][4]**" means [*specify amount or percentage or number*].

		"**Final Redemption Value**" means, in respect of a [ST Valuation Date][ST Valuation Period][*specify defined term from Payout Condition 5.2*]. "**Floor Lock in**" means Constant Percentage [1] multiplied by the integer number resulting from the quotient of the Coupon Lock in and Constant Percentage [1]. "**Floor Percentage [1][2]**" means [*specify percentage*]. "**Forward**" means FR Value – Strike Percentage. "**FR Additional Rate**" means [FR Rate][FR MT up Rate][FR Rate DCF][FR Rate MT]. "**FR Cap Percentage**" means [*specify percentage*]. "**FR Condition Level**" means [specify percentage, amount or number]. "**FR Constant Percentage**" means [*specify percentage*]. "**FR Floor Percentage**" means [*specify percentage*]. "**FR Leverage**" means [*specify percentage*]. "**FR MT up Rate**" means: (a) [*insert if cap is applicable*][Min [Max [FR Floor Percentage; FR Leverage * (FR Value - FR Strike Percentage) + FR Spread]; FR Cap Percentage] + FR Constant Percentage].] (b) [*insert if cap is applicable*][Max [FR Floor Percentage; FR Leverage * (FR Value - FR Strike Percentage) + FR Spread + FR Constant Percentage].] "**FR Rate**" means [*specify rate*]. "**FR Rate DCF**" means a percentage calculated as the product of the FR Rate and the applicable day count fraction. "**FR Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates] from and including the Issue Date to [and including][but excluding] the [Interest Period in which the relevant ST Valuation Date falls][date of the relevant ST Valuation Date]. "**FR Spread**" means [*specify percentage*]. "**FR Strike Percentage**" means [*specify percentage*]. "**FR Value**" means, in respect of a [ST FR Valuation Date] or [ST FR Valuation Period], [*specify relevant term from this summary*]. "**FX**" is the relevant RI FX Level(i) on the relevant Valuation Date or if that is not a Business Day the immediately succeeding Business Day. "**Himalaya Basket(i)**" means in respect of a ST Valuation Date(i), a Basket comprising each Reference Item in Himalaya Basket(i-1) but excluding the Reference Item in relation to Best Lock Value(i-1). "**K**" means [*specify number*], being the total number of Reference Items in the Basket. **Knock-in Event**" means the Knock-in Value is (A),

		(i) greater than; (ii) greater than or equal to; (iii) less than; or (iv) less than or equal to, the Knock-in [Level][Price] or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms, "**Knock-in Determination Day**" means [*insert date*]. "**Knock-in Determination Period**" means [*insert dates*]. "**Knock-in [Level][Price]**" means [*specify*]. "**Knock-in Range**" means [*specify*]. "**Knock-in Value**" means [*insert value*]. "**Knock-out Event**" means the Knock-out Value is (A), (i) greater than; (ii) greater than or equal to; (iii) less than; or (iv) less than or equal to, the Knock-out [Level][Price] or (B) within the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms, "**Knock-out Determination Date**" means [*insert date*]. "**Knock-out Determination Period**" means [*insert dates*]. "**Knock-out [Level][Price]**" means [*specify*]. "**Knock-out Range**" means [*specify*]. "**Knock-out Value**" means [*insert value*]. "**Lever Down**" means [*specify percentage*]. "**Leverage**" means [*specify percentage*]. "**Lever Up [1][2]**" means [*specify percentage*]. "**Local Floor Percentage**" means [*specify percentage*]. "**Loss Percentage**" means [*specify percentage*]. "**M**" means a series of ST Valuation Date or ST Valuation Periods. "**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets. "**Min**" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi-colon inside those brackets. "**Multiplier Level**" means [*specify percentage*].

		"**Multiplier Number**" shall be the number of times that the Multiplier Condition is satisfied. "**Multiplier Value**" means, in respect of a ST Valuation Date or ST Valuation Period, [*specify relevant term from this summary*]. "**nEDS**" means the number of Reference Items in the Basket in respect of which the FR Value is [less than or equal to][less than] EDS Barrier Percentage. "**Option**" means [Put][Put Spread][EDS][Forward]. "**Paid Coupon Percentage**" means, in respect of an Automatic Early Redemption Valuation Date or Target Determination Date, the sum of the values calculated for each Interest Period as the product of (i) the Rate of Interest and (ii) the Day Count Fraction, in each case for such Interest Period preceding the Current Interest Period (in the case of an Automatic Early Redemption Valuation Date) or the Target Final Interest Period (in the case of a Target Determination Date). "**Physical Delivery Price**" means, in respect of an ST Valuation Date, the RI Closing Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date. "**Put**" means Max [Strike Percentage – FR Value; 0]. "**Put Cap Percentage**" means [*specify percentage*]. "**Put Constant Percentage**" means [*specify percentage*]. "**Put Floor Percentage**" means [*specify percentage*]. "**Put Leverage**" means [*specify percentage*]. "**Put Spread**" means Min [Max [Strike Percentage – FR Value; 0]; Cap Percentage]. "**Put Strike Percentage**" means [*specify percentage*]. "**RA Barrier [1][2][3][4]**" means in respect of a Reference Item, [*specify percentage*]. "**RA Barrier Value**" means [specify other relevant term from this summary]. "**RA Barrier Value**" means, in respect of an ST Coupon Valuation Date and a Reference Item, the [*specify relevant definition*][the Reference Spread]. "**Ranking"** means, in respect of a ST Valuation Date, the ordinal positioning of each Reference Item by RI Value from lowest RI Value to greatest RI Value in respect of such ST Valuation Date. "**Reference Item [1],[2]….[N]**" means [*specify asset(s) or reference base(s)*]. "**Reference Item Rate**" means, in respect of a ST Valuation Date or a ST Coupon Valuation Date, the relevant rate of interest determined pursuant to General Condition 4(b). "**RI Weighting**" means, in respect of a Reference Item, [*specify number,*

		amount or percentage]. "**Strike Percentage [1][2]**" means [*specify percentage*]. "**Sum Rate(n)**" means the sum of the Rate(n) determined on the ST FR Valuation Date. "**T**" means [*specify number*], being the total number of ST Coupon Valuation Dates from and including the issue date to but excluding the maturity date as specified in Element C16 (*Expiration or maturity date of the Notes*) below. "**Target Coupon Percentage**" means [*specify percentage*]. "**Total M**" means [*specify number*] being the total number of [ST Valuation Dates][ST Valuation Periods] for the Notes. "**Weighting**" means [specify in relation to each Reference Item comprising the Basket]. **Value Definitions** "**Accumulated Coupon**" means, in respect of an Automatic Early Redemption Valuation Date, the sum of the values calculated for each Interest Period including the Current Interest Period as the product of (i) the Rate of Interest and (ii) the day count fraction, in each case for such Interest Period. "**Average Basket Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Basket Values on each ST Valuation Date in such ST Valuation Period. "**Average Best Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Best Values on each ST Valuation Date in such ST Valuation Period. "**Average Rainbow Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Rainbow Values on each ST Valuation Date in such ST Valuation Period. "**Average RI Value**" means, in respect of a Reference Item and a ST Valuation Period, the arithmetic average of the RI Values for such Reference Item on each ST Valuation Date in such ST Valuation Period. "**Average Worst Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Worst Values on each ST Valuation Date in such ST Valuation Period. "**Barrier Initial Price**" means a price equal to the product of (x) the RI Closing Value for a Reference Item on the Strike Date and (y) the Barrier Percentage Strike Price. "**Barrier Initial Maximum Price**" means a price equal to the product of (x) the greatest RI Closing Value for a Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price. "**Barrier Initial Minimum Price**" means an amount equal to the product of (x) the lowest RI Closing Value for such Reference Item on any Strike

		Day in the Strike Period and (y) the Barrier Percentage Strike Price. "**Barrier Initial Average Price**" means an amount equal to the product of (x) the arithmetic average of the RI Closing Values for a Reference Item on each Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price. "**Basket Performance**" means in respect of an ST Valuation Date, (a) the Basket Value in respect of such day minus (b) 100 per cent. "**Basket Value**" means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting. "**Basket Intraday Value**" means, in respect of a ST Valuation Date [and any time at which a value for all the Reference Items in the Basket is calculated], the sum of the values calculated for each Reference Item in the Basket at the same time as (a) the RI Intraday Value for such Reference Item is calculated in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting. "**Best Intraday Value**" means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the highest or equal highest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date. "**Best Value**" means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date. "**FX Average Level**" means the arithmetic average of the RI FX Levels for a Reference Item on each Strike Day in the Strike Period. "**FX Closing Level**" means the RI FX Level for a Reference Item on the Strike Date. "**FX Maximum Level**" means the greatest RI FX Level for a Reference Item on any Strike Day in the Strike Period. "**FX Minimum Level**" means the lowest RI FX Level for a Reference Item on any Strike Day in the Strike Period. "**FX Value**" means, in respect of a Reference Item and any day, either (i) the RI FX Level for such day divided by the RI FX Strike Level or (ii) the RI FX Strike Level divided by the RI FX Level for such day, as specified in the Final Terms. "**Highest Basket Value**" means, in respect of a ST Valuation Period, the highest or equal highest Basket Value on any ST Valuation Date in such ST Valuation Period. "**Highest Best Intraday Value**" means, in respect of a ST Valuation Period, the highest or equal highest Best Intraday Value on any ST Valuation Date in such ST Valuation Period. "**Highest Best Value**" means, in respect of a ST Valuation Period, the highest or equal highest Best Value on any ST Valuation Date in such ST

		Valuation Period. "**Highest Rainbow Value**" means, in respect of a ST Valuation Period, the highest or equal highest Rainbow Value on any ST Valuation Date in such ST Valuation Period. "**Highest RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period. "**Highest RI Value**" means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Value for such Reference Item on any ST Valuation Date in such ST Valuation Period. "**Highest Worst Value**" means, in respect of a ST Valuation Period, the highest or equal highest Worst Value on any ST Valuation Date in such ST Valuation Period. "**Inflation Rate**" means, in respect of a [ST Valuation Date][ST Valuation Period][specify relevant term from this summary for a Reference Item which is an Inflation Index]. "**Initial Average Price**" means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on each Strike Day in the Strike Period. "**Initial Closing Price**"means the RI Closing Value of a Reference Item on the Strike Date. "**Initial Maximum Price**" means the highest RI Closing Value for a Reference Item on any Strike Day in the Strike Period. "**Initial Minimum Price**" means the lowest RI Closing Value for a Reference Item on any Strike Day in the Strike Period. "**Intraday Level**" means, in respect of an Index and subject to the Index Linked Conditions, an amount equal to the level (which shall be deemed to be an amount in the currency of the Index) of such Index as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchanges, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value]. "**Intraday Price**" means, in respect of (i) a Share or a Fund Share that is an ETF and subject to the Equity Linked Conditions or the Fund Linked Conditions, as applicable, an amount equal to the price of such Share or Fund Share quoted on the relevant Exchange as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value] and (ii) a Subject Currency and subject to the Foreign Exchange (FX) Rate Conditions, a rate determined by reference to the definition of Settlement Price in the Foreign Exchange (FX) Conditions by the Calculation Agent and for such purpose the applicable Valuation Time shall be any relevant time on the

		relevant ST Valuation Date. "**Inverse Performance**" means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Inverse Value in respect of such day minus (b) 100 per cent. [and multiplied by (c) the FX Value] "**Lowest Basket Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Basket Value on any ST Valuation Date in such ST Valuation Period. "**Lowest Best Value**" means, in respect of an ST Valuation Period, the lowest or equal lowest Best Value on any ST Valuation Date in such ST Valuation Period. "**Lowest Rainbow Value**" means, in respect of an ST Valuation Period, the lowest or equal lowest Rainbow Value on any ST Valuation Date in such ST Valuation Period. "**Lowest RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period. "**Lowest RI Value**" means, in respect of a Reference Item and a ST Valuation period, the lowest or equal lowest RI Value for such Reference Item for all the ST Valuation Dates in such ST Valuation Period. "**Lowest Worst Intraday Value**" means, in respect of an ST Valuation Period, the lowest Worst Intraday Value on any ST Valuation Date in such ST Valuation Period. "**Lowest Worst Value**" means, in respect of an ST Valuation Period, the lowest or equal lowest Worst Value on any ST Valuation Date in such ST Valuation Period. "**Performance**" means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Value for such Reference Item in respect of such day minus (b) 100 per cent. [, and multiplied by (c) the FX Value]. "**Performance Difference**" means in respect of a ST Valuation Date, the Performance for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date minus the Performance for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date. "**Performing RI Strike Price**" means, in respect of a ST Valuation Date, the RI Initial Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date. "**Rainbow Value**" means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the Ranked Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting. "**Ranked Value**" means, in respect of a ST Valuation Date, the RI Value in respect of the Reference Item with the [first][second][*specify*] Ranking in respect of such ST Valuation Date. "**RI Composite Value**" means, in respect of a Reference Item and an ST

		Valuation Date, the [highest or equal highest of][lowest or equal lowest of][arithmetic average of] the RI Average Values in respect of such ST Valuation Date. "**Restrike Performance**" means, in respect of a Reference Item and a ST Valuation Date (a) (i) the RI Closing Value for such Reference Item in respect of such day divided by (ii) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or, if none, the Strike Date (b) minus 100 per cent. [, and multiplied by (c) the FX Value] "**RI Average Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] the arithmetic average of the RI Closing Value for such Reference Item in respect of each [set of] Averaging Date[s] specified in relation to such ST Valuation Date . [, multiplied by (b) the FX Value] "**RI Closing Value**" means, in respect of a Reference Item and a ST Valuation Date: (a) if the relevant Reference Item is an Index, the Settlement Level; (b) if the relevant Reference Item is a Share, the Settlement Price; (c) if the relevant Reference Item is an Inflation Index, the Relevant Level; (d) if the relevant Reference Item is an Exchange Traded Fund Share, the Settlement Price; (e) if the relevant Reference Item is a Fund, the NAV per Fund Share; (f) if the relevant Reference Item is a Subject Currency, the Settlement Price; (g) if the relevant Reference Item is a rate of interest, the Reference Rate; and (h) if the relevant Reference Item is a Reference Spread, the Reference Spread, in each case on such ST Valuation Date. "**RI FX Level**" means, for the purpose of converting an amount in respect of a Reference Item into the Specified Notes Currency on [*specify date(s)*] [*insert relevant rate and, if applicable, observation time*][(or any successor to such page or service) or if it is not reasonably practicable to determine the RI FX Level from such source, the RI FX Level will be determined by the Calculation Agent as the rate it determines would have prevailed but for such impracticability by reference to such source(s) as it deems appropriate the rate at which the Calculation Agent determines the relevant Reference Item amount could be converted into the Specified Notes Currency (expressed as the Calculation Agent determines appropriate) at or about the time and by reference to such source(s) as the Calculation Agent deems appropriate.] "**RI FX Rate**" means (i) the RI FX Level, (ii) the FX Value or (iii) the number, as specified in the applicable Final Terms "**RI FX Strike Level**" means, in respect of a Reference Item, [*specify*

		rate][FX Closing Level][FX Maxiumum Level][FX Minimum Level][FX Average Level]. "**RI Growing Average Value**" means, in respect of a Reference Item and a ST Valuation Date, the arithmetic average of [(a)][(i)] the RI Closing Value for such Reference Item in respect of each Averaging Date[s] specified in relation to such ST Valuation Date on which the RI Closing Value is [equal to or][higher than] the RI Closing Value in respect of the immediately preceding Averaging Date or if none, the RI Initial Value, divided by [ii] the relevant RI Initial Value [multiplied by (b) the FX Value]. "**RI Initial Value**" means, in respect of a Reference Item, [specify price] [Initial Closing Price] [Initial Maximum Price] [Initial Minimum Price][Initial Average Price] [Barrier Initial Price] [Barrier Initial Maximum Price] [Barrier Initial Minimum Price] [Barrier Initial Average Price]. "**RI Intraday Level**" means: (a) if the relevant Reference Item is an index, the Intraday Level; or (b) if the relevant Reference Item is a share or a fund share, the Intraday Price. (c) If the relevant Reference Item is a subject currency, the Intraday Price "**RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Intraday Level for such Reference Item in respect of such ST Valuation Date (ii) divided by the relevant RI Initial Value [multiplied by (b) FX Value]. "**RI Inverse Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Initial Value divided by (ii) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date [, multiplied by (b) the FX Value]. "**RI Restrike Value**" means, in respect of a Reference Item and a ST Valuation Date (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date divided by (b) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date. "**RI Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date, divided by (ii) the relevant RI Initial Value [multiplied by (b) the FX Value]. "**RI Value Difference**" means, in respect of a ST Valuation Date, the RI Value for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date minus the RI Value for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date. "**Worst Intraday Value**" means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the lowest or equal lowest RI Intraday Value for any Reference Item in the Basket in respect of such

		ST Valuation Date. "**Worst Inverse Value**" means, in respect of ST Valuation Date, the RI Inverse Value for the Reference Item(s) with the lowest or equal lowest RI Inverse Value for any Reference Item in the Basket in respect of such ST Valuation Date. "**Worst Value**" means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date. ***Dates and Periods*** Payments of interest and principal on the Notes may be associated with ST Valuation Dates and/or ST Valuation Periods, as the case may be, as specified in the Final Terms. For the avoidance of doubt, several set of dates may be used for the determination and calculation of a particular payout. "**Automatic Early Redemption Valuation Date**" means [*specify date*]. "**Averaging Date**" means [*specify date*]. "**Determination Date**" means [*specify date*]. "**Redemption Valuation Date**" shall be the relevant date specified as such in the applicable Final Terms. "**Settlement Level Date**" means [*specify date*]. "**Settlement Price Date**" means [*specify date*]. "**ST ER Valuation Date**" means each [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Date][Knock-out Determination Date]. "**ST ER Valuation Period**" means the period from and including [*specify*] to and including [*specify*]. "**ST FR Valuation Date**" means each [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Date][Knock-out Determination Date]. "**ST FR Valuation Period**" means the period from and including [*specify*] to and including [*specify*]. "**ST Redemption Valuation Date**" means each [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Date]. "**ST Redemption Valuation Period**" means the period from and including [*specify*] to and including [*specify*]. "**Strike Date**" means [*specify date*]. "**Strike Day**" means [*specify day*].

		"**ST Valuation Date**" means each [Coupon Valuation Date][Strike Date][Redemption Valuation Date][ST Coupon Valuation Date][ST ER Valuation Date][ST FR Valuation Date][ST Redemption Valuation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day][Range Accrual Day] [Settlement Level Date][Settlement Price Date][Fund Valuation Date]. "**ST Valuation Period**" [ST Coupon Valuation Period][ST ER Valuation Period][ST FR Valuation Period][ST Redemption Valuation Period][Automatic Early Redemption Valuation Period][Knock-in Determination Period][Knock-out Determination Period]. "**Target Determination Date**" means [*specify date*]. "**Target Final Interest Period**" means the Interest Period ending on but excluding the Maturity Date. ***Payout Conditions*** "**Final Redemption Condition**" means, in respect of a [ST Valuation Date][ST Valuation Period], that the Final Redemption Value [on such ST Valuation Date][in respect of ST Valuation Period] as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Final Redemption Condition Level. "**Final Redemption Condition [1]**" means, in respect of a [ST Valuation Date][ST Valuation Period] that the Final Redemption Value [on such ST Valuation Dates][in respect of such ST Valuation Period] as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level [1]. "**Final Redemption Condition 2**" means, in respect of a [ST Valuation Date][ST Valuation Period] that the Final Redemption Value on such [ST Valuation Date][in respect of such ST Valuation Period] as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level [1][, but is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level 2.] "**Multiplier Condition**" shall be satisfied if, in respect of a [ST Valuation Date][ST Valuation Period], the Multiplier Value [on each Observation Date in respect of such [ST Valuation Date][in respect of such ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Multiplier Level. "**Podium Condition**" shall be satisfied if, in respect of a Reference Item and a ST Valuation Date, the Final Redemption Value for such Reference Item on such ST Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Final Redemption Condition Level. ***Credit Linked Notes*** The Issuer will redeem the Notes and pay interest as provided above,

		subject to the credit linked provisions below. If a Credit Event (a [as being set out in the Physical Settlement Matrix][bankruptcy[,]] [failure to pay[,]] [obligation acceleration[,]] [obligation default[,]] [repudiation/moratorium[,]] [governmental intervention[,]] [or] [restructuring] (*include all that apply*)], occurs in respect of the Reference Entity(ies) (being [*specify reference entity(ies)*] or any successor(s)), the Calculation Agent may determine that a Credit Event Determination Date has occurred. In this case: *(Insert if the relevant Notes are Nth-to-Default Credit Linked Notes:)* [credit linked settlement will not occur until this happens in respect of the Relevant Number of Reference Entities (being [*specify*]).] *(Insert if the relevant Notes are First-to-Default Credit Linked Notes:)* [credit linked settlement will occur on the first occasion this happens with respect to any Reference Entity.] *(Insert if the relevant Notes are Single Reference Entity Credit Linked Notes:)* [the Notes will be settled as described below.] *(Insert if the relevant Notes are Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies:)* [in respect of each relevant Credit Event the Issuer will pay a Credit Event Amount on the relevant Credit Event Payment Date] *(Insert if the relevant Notes are Tranched Linear Basket Credit Linked Notes:)* [credit linked settlement will not occur until this happens in respect of a number that is greater than [*specify*] Reference Entities and thereafter each relevant Credit Event will further reduce amounts due in respect of the Notes.] *(Insert for each of above types of Credit Linked Notes:)* [The Issuer will then pay the Credit Event Redemption Amount in respect of each Note on the Credit Event Redemption Date.] *(Insert if the relevant Notes are Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies:)* [provided that if a relevant Credit Event occurs and relevant procedures are followed in respect of each Reference Entity each Note will be redeemed at the final Credit Event Amount on the final Credit Event Payment Date.] *(Insert if the relevant Notes are Linear Basket Credit Linked Notes:)* [In addition, interest on the Notes may be reduced or no longer paid depending on the [aggregate Reference Entity notional amounts of Reference Entities][number of Reference Entities] for which a relevant Credit Event has happened and relevant procedures are followed] *Where:*

		["**Credit Event Amount**" means, a Note's pro rata share of the following amount (which may be zero): (RENA × FP) – UC where: "**RENA**" is the Reference Entity notional amount; "**FP**" is the Recovery Price; "**UC**" is Unwind Costs.] ["**Credit Event Payment Date**" means, in relation to any Credit Event Amount, [three] [*specify*] Business Days following [the calculation of the relevant Final Price] (*or insert for Zero/Set Recovery Notes:*) the Credit Event Determination Date.] [or such later date for payment determined under the Settlement Exchange Rate provisions.] "**Credit Event Redemption Amount**" means: *(insert in the case of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes:)* an amount equal to each Note's pro rata share of: [(RENA × FP) – UC] + Protected Amount *(insert in the case of Linear Basket Credit Linked Notes to which Credit Payment on Maturity applies:)* an amount equal to each Note's pro rata share of: $\left(\sum_{1 \ldots n} RENA_{u,i}\right) + \left(\sum_{1 \ldots n} RENA_{A,i} \times FP_{A,i}\right) - UC$ *(insert in the case of Linear Basket Credit Linked Notes to which Credit Payment As You Go applies:)* an amount equal to a Note's pro rata share of: $\sum_{1 \ldots n}^{n} \mathrm{RENA}_{u,i}$ *(insert in the case of Tranched Linear Basket Credit Linked Notes:)* an amount equal to each Note's pro rata share of: $\text{aggregate outstanding nominal amount} * \left(1 - \left(\frac{1}{H-L}\right) * \text{Min}[H - L; \text{Max}[N - L; 0]]\right)$ *where:* ["**Protected Amount**" means the amount stated in the Final Terms if specified as applicable. "**RENA**" is the Reference Entity notional amount; "**$\mathbf{RENA_{u,i}}$**" is RENA in respect of any Reference Entity$_i$ for which a Credit Event has not occurred and relevant procedures are followed and which is zero for all other Reference Entities;

SUMMARY

		"**$RENA_{A,i}$**" is the RENA in respect of any Reference $Entity_i$ for which a Credit Event has occurred and relevant procedures are followed and which is zero for all other Reference Entities; "**FP**" is the Recovery Price; "**UC**" is Unwind Costs; and "**n**" is the number of Reference Entities,]] ["**H**" is [*specify*]; "**L**" is [*specify*]; and "**N**" is the number of Reference Entities in respect of which a Credit Event Determination Date has occurred.] "**Credit Event Redemption Date**" means: *(insert where Tranched Linear Basket Credit Linked Notes:)* [the Maturity Date determined pursuant to the Credit Linked Conditions.] *(insert where other than Tranched Linear Basket Credit Linked Notes:)[* [(a)] [three] [*specify*] Business Days after (i) the calculation of the Final Price (ii) the auction settlement date or (iii) the Credit Event Determination Date as applicable [; or [(b)] (insert where Non-Tranched Linear Basket Credit Linked Notes or Zero/Set Recovery Notes or Maturity Credit Redemption applies only:)[if later, the Maturity Date determined pursuant to the Credit Linked Conditions[.]] [or such later date for payment determined under the Settlement Exchange Rate provisions.]] ["**Recovery Price**" means the recovery amount [(expressed as a percentage)] determined by the Calculation Agent in respect of obligations of the relevant Reference Entity (*insert if the Notes are Zero/Set Recovery Notes*:)[which is deemed to be [*insert percentage*][zero]. [Such price will be determined by reference to [an auction settlement procedure organised by the ISDA, the International Swaps and Derivatives Association, Inc.] [or failing that] [dealer quotes obtained by the Calculation Agent]].] *(Insert if the relevant Securities are Reference Obligation Only Securities relating to a single Reference Entity:)* [If certain types of substitution events occur with respect to the Reference Obligation, then (Insert if interest applies:)[(i) interest shall cease to accrue on the Notes from and including the Interest Payment Date immediately preceding the relevant substitution event date or, if no Interest Payment Date has occurred, no interest will accrue on the Notes and (ii)) each Note will be redeemed at its relevant Reference Obligation Only Termination Amount which is [*specify amount*] on the [*specify*] Business Day following the relevant substitution event date.]]
C.10	**Derivative component in the interest payments:**	[Not applicable – The Notes do not have a derivative component in the interest payment.]

		Worse Case Scenario: In a worst case scenario the interest amount payable per Note at the Maturity Date will be [specify] if [specify].] (i) **Rate of Interest (i)** Coupon Value (i) (ii) **Rate of Interest (ii)** Rate(i) (iii) **Rate of Interest (iii)** Leverage(i) * Rate(i) + Spread(i) (iv) **Rate of Interest (iv)** Leverage(i) * Reference Spread(i) + Spread(i) (v) **Rate of Interest (v)** Previous Interest(i) + Spread(i) (vi) **Rate of Interest (vi)** Previous Interest(i) + Leverage(i) * Reference Item Rate(i) + Spread(i) (vii) **Rate of Interest (vii)** Leverage(i) * (Coupon Value(i) + Spread(i)) + Constant Percentage(i) (viii) **Rate of Interest (viii)** Constant Percentage(i) + Max [Floor Percentage(i); Leverage(i) * (Coupon Value(i) – Strike Percentage)] (ix) **Rate of Interest (ix)** Constant Percentage(i) + Min [Cap Percentage; Max [Floor Percentage(i); Leverage(i) * (Coupon Value(i) – Strike Percentage)]] (x) **Rate of Interest (x) - Range Accrual** *(insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied)* Leverage(i) * (Rate(i) + Spread(i)) * n/N *(insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied but subtracting the number of days on which the Range Accrual Condition is not satisfied)* $\text{Leverage(i)} * \big(\text{Rate(i)} + \text{Spread(i)}\big)$ * Max[0; (2n-N)/N] (xi) **Rate of Interest (xi) - Digital One Barrier** (i) If Coupon Barrier Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation

		Period][or was satisfied in any previous Interest Period]: [Constant Percentage[1]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest(i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph may be different from the Interest Payout Formula for the following paragraph*]; or (ii) Otherwise: [zero][Constant Percentage[2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph may be different from the Interest Rate Payout Formula for the above paragraph*] (xii) **Rate of Interest (xii) –Strike Podium n Barriers** (i) If Coupon Barrier Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]: [Constant Percentage 1][*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)*]; or (ii) If Coupon Barrier Condition [2] is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] and Coupon Barrier Condition [1] is not satisfied in respect of [ST Coupon Valuation Date][ST Coupon Valuation Period][and was not satisfied in any previous Interest Period]: [Constant Percentage 2][*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph may be different from the Interest Rate Payout Formula for the above paragraph*]; or (iii) Otherwise: [zero][Constant Percentage 3][*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph may be different from the Interest Rate Payout Formula for the above paragraphs*]. *(The above provisions may be duplicated in case more than two Coupon Barrier Conditions apply)* (xiii) **Rate of Interest (xiii) - Ramses** (i) If the Barrier Count Condition is satisfied in respect of a ST Coupon Valuation Date:

SUMMARY

		Rate(i) + SumRate(i); (ii) Otherwise, zero. (xiv) **Rate of Interest (xiv) – Mozart** Rate(i) * n (xv) **Rate of Interest (xv) – Mozart Variable** Rate(n) (xvi) **Rate of Interest (xvi) - Call with Individual Caps** $Max\left[MinCoupon\ (i);\ \sum_{k=1}^{K}(RIWeightin\,g\,(k) * Max\left[FloorPercentage(i); Min\left[CapPerce\right.\right.\right.$ $+\ Cons\tan tPercentag\,e(i)$ (xvii) **Rate of Interest (xvii) - Cappuccino** $Max\left[MinCoupon(i); \sum_{k=1}^{K}(RIWeighting(k)\ *\ Max[FloorPercentage(i); CappuccinoBarrierValue(i,k)]) - StrikePercentage(i)\right]$ $+\ ConstantPercentage(i)$ (xviii) **Rate of Interest (xviii) – Best Replace** *(Insert the following if local floor is applicable)* $Max\left[MinCoupon\ (i); \sum_{k=1}^{K}(RIWeightin\,g\,(k) * Max\left[FloorPerce\,ntage(i); ModifiedVa\,lue(i,k)\right]) - StrikePerc\,entage\,(i)\right]$ *(Insert the following if local floor is not applicable)* $Max\left[MinCoupon(i); \sum_{k=1}^{K}(RIWeighting(k) * (ModifiedValue(i,\ k) - StrikePercentage(\mathrm{i}))\right]$ (xix) **Rate of Interest (xix) – Cliquet** $Max\left[\sum_{i=1}^{T}(Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponV\right.\right.\right.$ (xx) **Rate of Interest (xx) - Cliquet Digital** (i) If Cliquet Digital Performance is greater than Constant Percentage 1: Cliquet Digital Performance; or (ii) If Cliquet Digital Performance is greater than or equal to Constant Percentage 2 and is less than or equal to Constant Percentage 1: Constant Percentage 1; or (iii) If Cliquet Digital Performance is less than Constant Percentage 2: Constant Percentage 2. (xxi) **Rate of Interest (xxi) - Cliquet Digital Lock in**

SUMMARY

		$Max\left[FloorLockin; \sum_{i=1}^{T}\left(Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i)\right]\right]\right) - StrikePercentage; FloorPercentage1\right]$ (xxii) **Rate of Interest (xxii) - Digital Coupon One Condition** (A) If the Digital Coupon Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]: Rate A(i); or (B) Otherwise: Rate B(i). (xxiii) **Rate of Interest (xxiii) - Digital Coupon Two Conditions** (A) If the Digital Coupon Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]: Rate A(i); or (B) If the Digital Coupon Condition 1 is not satisfied in respect of [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period], but the Digital Coupon Condition 2 is satisfied in respect of such [ST Coupon Valuation Date][ST CouponValuation Period]: Rate B(i); or (C) Otherwise: Rate C(i). (xxiv) **Rate of Interest (xxiv) – TARN** (A) In respect of each Interest Period other than the Target Final Interest Period: *[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)]; and* (B) In respect of the Target Final Interest Period and provided that an Automatic Early Redemption Event has not occurred: Final Interest Rate. (xxv) **"Rate of Interest (xxv)" – "Ratchet"** Min [Cap; Max [Previous Interest (i); Rate(i)] (xxvi) **"Rate of Interest (xxvi)" – "Multiplier"** *(insert if following if a cap is applicable)* Constant Percentage + Min [Cap Percentage; Max [Floor Percentage, Multiplier Number * Constant Percentage 2]] *(insert if following if a cap is not applicable)* Constant Percentage + Max [Floor Percentage, Multiplier Number

		* Constant Percentage 2] ***Definitions*** *Please also see definitions contained in Element C.9 (Payout Features) [or insert relevant definitions from that element here]* "**Call Rate**" means: Constant Percentage(i) + Leverage(i) * Max [Coupon Value(i) – Strike Percentage(i) + Spread(i); Floor Percentage(i)] "**Call Spread Rate**" means: Constant Percentage(i) + Leverage(i) * Min [Max [Coupon Value(i) – Strike Percentage(i) + Spread(i); Floor Percentage(i)]; Cap Percentage(i)] "**Cappuccino Barrier Value**" means: (a) If in respect of a ST Valuation Date the Cappuccino Barrier Condition is satisfied, Cap Percentage(i); and (b) Otherwise, Coupon Barrier Value(i,k). "**Cliquet Digital Performance**" means, in respect of a [ST Valuation Date][ST Valuation Period]: $\sum_{i=1}^{t} Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i)\right]\right]$ "**Coupon Barrier [1][2][3][4]**" means [*specify amount, percentage or number*]. "**Coupon Barrier Value**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] , [and in respect of [each][of] Reference Item (k[=[*specify*]) to (k[=[*specify*])], [*specify relevant term from this summary*]. "**Coupon Lockin**" means: $\underset{t=1}{\overset{T}{Max}}\left[\sum_{i=1}^{t} Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i)\right]\right]\right]$ "**Coupon Value**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] [and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])], [*specify relevant term from this summary*] [the Interest Amount payable in respect of each Note shall be an amount equal to [*specify*] and Condition 4(b)(ii) and 4(b)(v) shall be interpreted accordingly]. "**Fixed Best Percentage**" means [*specify percentage*]. "**Min Coupon**" means [*specify percentage*]. "**Modified Value(i,k)**" means: (a) If the Coupon Value(i,k) is one of the nfixed greatest value in the basket of the Reference Items, the Fixed Best Percentage; and (b) Otherwise, Coupon Value(i,k). "**n**" means:

		(a) in respect of "Rate of Interest (xiv) – Mozart" in respect of a ST Coupon Valuation Date, the number calculated as the number of ST Coupon Valuation Dates (in the period from the Issue Date to and including such ST Coupon Valuation Date) on which the Barrier Count is satisfied; and (b) in respect of "Rate of Interest (x) – Range Accrual" in respect of a ST Coupon Valuation Date, the number of Range Accrual Days in the relevant Range Period on which the [Range Accrual Coupon Condition][Range Accrual Countdown Condition] is satisfied. "**N**" means: (a) in respect of "Rate of Interest (xv) – Mozart Variable", [*specify number*] being the maximum number of times that the Barrier Count Condition may be satisfied from [and including] the Issue Date to [but excluding] the Maturity Date. (b) in respect of "Rate of Interest (x) Range Accrual" is for each ST Coupon Valuation Date the total number of Range Accrual Days in the relevant Range Period. "**nfixed**" means [*specify number*]. "**Previous Interest**" means, in respect of a ST Coupon Valuation Date, the Rate of Interest determined on the ST Coupon Valuation Date immediately preceding such ST Coupon Valuation Date or, in respect of the first ST Coupon Valuation Date, zero. "**Rate [A][B][C]**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][*specify fixed rate*][*specify floating rate*][the Call Rate][the Call Spread Rate][Inflation Rate]. "**Rate(n)**" (from n = 1 to n = N) means: (a) in respect of "Rate of Interest (xv) – Mozart Variable" on any ST Coupon Valuation Date, the rate specified in the Final Terms and associated with the number of times that Barrier Count Condition is satisfied on the relevant ST Coupon Valuation Date; and (b) in respect of "Redemption (xvii) – Podium" on any ST Coupon Valuation Date, the rate specified in the Final Terms and associated with the number of Reference Items in the Basket for which the Podium Condition is satisfied on the relevant ST Coupon Valuation Date. "**Reference Spread [1][2]**" means Reference Rate [1][2] minus Reference Rate [1][2]. (*NB Complete Reference Rates 1 and 2 to reflect ISDA Determination for relevant CMS Rates. Repeat for further Reference Spread(s) as necessary*). "**Spread**" means [*specify percentage*]. "**Sum Rate**" means, in respect of each ST Coupon Valuation Date, the sum of all previous Rates for each ST Coupon Valuation Date since (but not including) the last occurring date on which the relevant Barrier Count Condition was satisfied (or if none the Issue Date).

		Dates and Periods "**Range Accrual Cut-Off Date**" means [in respect of [each][a] Reference Item [(k)] and] [in respect of any [Range Period] [*specify other period*] [the][each] date specified as such in the Final Terms.] or, otherwise, the date falling [*specify number*] [calendar days] [Business Days] [Scheduled Trading Days (as defined in the [*specify*] Conditions] [*specify other*] before the [Range Period End Date] [*specify other*]. "**Range Accrual Day**" means [an Exchange Business Day][a Scheduled Trading Day][a Business Day][an Interest Determination Date][a calendar day]][an Observation Day][*specify*]. "**Range Period**" means [*specify period*][each][the][Interest Period] [and the final date of each such period, the "**Range Period End Date**"]. "**ST Coupon Valuation Date(s)**" means each [Averaging Date][Strike Date][Interest Determination Date][Interest Period End Date][Determination Date][Knock-in Determination Day][Knock-out Determination Day] [Settlement Price Date][Settlement Level Date][Valuation Date] [Range Accrual Day] [and] [Range Period Cut*Off Date] "**ST Coupon Valuation Period**" means [the period from and including [*specify*] to and including [*specify*]][each][the][Interest Period][Range Period]. ***Conditional Conditions*** "**Barrier Count Condition**" shall be satisfied if, in respect of a ST Coupon Valuation Date, the Coupon Barrier Value on such ST Coupon Valuation Date, as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier. "**Cappuccino Barrier Condition**" means, in respect of a ST Valuation Date, that the Coupon Barrier Value on such ST Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier. "**Coupon Barrier Condition [1]**" means, in respect of [a ST Valuation Date][a ST Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period], that the Coupon Barrier Value [for [each][any] Observation Date in respect of the relevant] [on such] [ST Valuation Date][and the relevant][ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [1]. "**Coupon Barrier Condition 2**" means, in respect of [a ST Valuation Date][a ST Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]], that the Coupon Barrier Value [for [each][any] Observation Date in respect of the relevant] [on such] [ST Valuation Date][and the relevant][ST Valuation Period], as determined by the Calculation Agent, is [greater than][less

		than][greater than or equal to][less than or equal to] Coupon Barrier 1 but is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier 2. "**Digital Coupon Condition 1**" means: (a) in respect of Reference Item 1, that the Coupon Barrier Value for Reference Item 1 for the relevant [ST Coupon Valuation Date][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier 2](*insert (ii) if a Coupon Barrier 2 is specified*)[; and (b) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 for the relevant [ST Coupon Valuation Date] [and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier [2]](*insert (ii) if a Coupon Barrier 2 is specified*)(*insert (b) if Reference Item 2 is specified*). "**Digital Coupon Condition 2**" means: (a) in respect of Reference Item 1, that the Coupon Barrier Value for Reference Item 1 for the relevant [ST Coupon Valuation Date][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [4]](*insert (ii) if a Coupon Barrier Level [4] is specified*)[; and (b) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 for the relevant [ST Coupon Valuation Date][ST Coupon Valuation Period] [and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier [4](*insert (ii) if a Coupon Barrier [4] is specified)(insert (b) if Reference Item 2 is specified).* "**Range Accrual Countdown Condition**" [, subject as provided below,] will be deemed satisfied if, in respect of each Range Accrual Day in [the][relevant] Range Period [(n)][from and including [*specify*] to [and including][but excluding] [[*specify*] for [each] Reference Item (k[=[*specify*]]), the Coupon Barrier Value for such Reference Item in respect of each such Range Accrual Day is [(i)] [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [*specify number*][and (ii) [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [*specify number*] (*insert (ii) if a Coupon*

Barrier [specify number] is specified) [as specified in the table below].

(Replicate and complete the above definition multiple times as necessary or complete the below table)

Range Period n	**From (and including)**	**To (but excluding)**	**Applicable Reference Item (k)**	**[Lower] Coupon Barrier**	**[Upper Coupon Barrier]**
[specify]	*[specify date][Interest Payment Date Falling in [specify]]*	*[specify date][Interest Payment Date Falling in [specify]]*	*[k=(n)] [specify]*	*[specify] [%]*	*[specify] [%]*
[Repeat as necessary in each row.]	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*

Specific Provisions for Range Accrual Countdown Condition:

[In respect of [each] Reference Item (k) and] a Range Accrual Day [(other than a Range Accrual Stub Day)] which is not a [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day or is a Disrupted Day][*specify*] for such Reference Item [(k)], the Coupon Barrier Value for such Reference Item [(k)] on such day shall be the Coupon Barrier Value for such Reference Item [(k)] on the immediately preceding [Business Day[for such Reference Item [(k)]]][Scheduled Trading Day that was not a Disrupted Day][*specify*]. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]

[In respect of [each] Reference Item (k) and the relevant Range Period, the Coupon Barrier Value in respect of such Reference Item [(k)] for each Range Accrual Day after the relevant Range Accrual Cut-Off Date to (and excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Coupon Barrier Value as of such Range Accrual Cut-off Date.]

"**Range Accrual Coupon Condition**" [subject as provided below] will be deemed satisfied if:

(a) in respect of Reference Item (k=1), that the Coupon Barrier Value for such Reference Item for the relevant Range Accrual Day [in the applicable Range Period[(n)]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the relevant Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the relevant Coupon Barrier 2]

(*insert (ii) if a Coupon Barrier 2 is specified*)[; and

(b) [in respect of Reference Item (k=n), that the Coupon Barrier Value for such Reference Item for the relevant Range Accrual Day [in the applicable Range Period [(n)][from and including [*specify*] to [and including][but excluding][[*specify*] for [each] Reference Item (k[=[*specify*]])] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the relevant [Upper][Lower] Coupon Barrier [*insert number*] and [(ii) [greater than][less than][equal to or greater than][less than or equal to], the relevant [Upper][Lower] Coupon Barrier[insert number]](*insert (ii) if a Coupon Barrier [insert number] is specified*)] [as specified in the table below] (*insert this paragraph (b) if Reference Item(k=n) is specified*).

Range Period n	**From (and including)**	**To (but excluding)**	**Applicable Reference Item (k)**	**[Lower] Coupon Barrier**	**[Upper Coupon Barrier]**
[specify]	*[specify date]*[Interest Payment Date Falling in *[specify]]*	*[specify date]*[Interest Payment Date Falling in *[specify]]*	[k=(n)] [specify]	[specify][%]	[specify][%]
[Repeat as necessary in each row.]	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*

Specific Provisions for Range Accrual Coupon Condition:

[In respect of [each] Reference Item (k) and] a Range Accrual Day [(other than a Range Accrual Stub Day)] which is not a [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day which is not a Disrupted Day][specify] for such Reference Item [(k)], the Coupon Barrier Value for such Reference Item [(k)] on such day shall be the Coupon Barrier Value for such Reference Item [(k)] on the immediately preceding [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day that was not a Disrupted Day][*specify*]. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]

[In respect of [each] Reference Item (k) and the relevant Range Period, the Coupon Barrier Value in respect of such Reference Item [(k)] for each Range Accrual Day after the relevant Range Accrual Cut-off Date to (but excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Coupon Barrier Value as of such Range Accrual Cut-off Date.]

(Repeat any of the above paragraphs where relevant in relation to each Reference Item)

SUMMARY

C.11	**Listing and admission to trading:**	[The Notes may be listed and admitted to trading, as the case may be, on AIAF and/or such other or further stock exchanges or markets located in Spain as specified in the Final Terms. [*Delete this paragraph when preparing an issue specific summary*] ***[Issue specific summary:*** Application [has been][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 [AIAF Mercado de Renta Fija][*specify*].]
C.15	**Description of how the value of the Note is affected by the value of the underlying asset:**	*[Not applicable. These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003)]* ***[Issue specific summary:*** The [Interest amount/[s] and]/ Final Redemption Amount [or Entitlement] ([in each case,] if any) payable in respect of the Notes [is/are] calculated by reference to the relevant underlying set out in Element C.20 *(A description of the type of the underlying and where the information of the underlying can be found*) below. Please also see Element C.9 (Payment Features) [and Element C.10 (*Derivative components*)]. These Notes are derivative securities and their value may go down as well as up *[Insert description of how the value of the Notes is affected by the value of the relevant Reference Item(s)]*
C.16	**Expiration or maturity date of the Notes:**	[Not applicable. These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003) ***[Issue specific summary:*** [The Maturity Date of the Notes is [*specify*][, subject to adjustment]].]
C.17	**Settlement procedure of derivative securities:**	[Not applicable These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003)] [The Notes will be settled on the applicable Maturity Date or relevant delivery date at the relevant amount per Note.] *[For the purposes of the Issue specific summary, this Element C.17 only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]*
C.18	**Return on derivative securities:**	[Not applicable These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003)] ***[Issue specific summary:*** For variable interest Notes, the return is illustrated in Element C.10 (*Derivative components in the interest payments*) above. For variable redemption Notes, the return is illustrated in Element C.9 (*Payment Features*) above.

SUMMARY

C.19	**Exercise price/final reference priceof the underlying:**	[Not applicable These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003)] ***[Issue specific summary:*** The final reference price of the underlying described in Element C.20 (*A description of the type of the underlying and where the information of the underlying can be found*) below shall be determined on the date(s) for valuation specified in Element C.9 (*Payment Features*) above subject to adjustment including that such final valuation may occur earlier in some cases]
C.20	**A description of the type of the underlying and where the information of the underlying can be found:**	[The underlying may be an index or basket of indices, a share or basket of shares, a depositary receipt or a basket of depositary receipts, an inflation index or a basket of inflation indices, a fund share or a basket of fund shares, a foreign exchange (fx) rate, a reference rate, the credit of a specified entity or entities or any combination thereof.] ***[Issue specific summary:*** [*List Reference Item(s) in each case followed by:* See [Bloomberg] [Reuters] Screen [specify] page] [specify]].] [Not applicable These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003)]

Section D – Risks

Element	Title	
D.2	**Key risks regarding the Issuerand the Guarantor:**	In purchasing Notes, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor control. The Issuer and the Guarantor have identified a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. These factors include: **Risk Factors relating to the Issuer** • Issuer's dependence on the Guarantor to make payments on the Notes. • Certain considerations in relation to the forum upon insolvency of the Issuer **Factors that may affect the Guarantor's ability to fulfil its obligations**

SUMMARY

Element	Title	
		under the Guarantee **Macroeconomic Risks** • Economic conditions in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations. • Since BBVA's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition. • Any decline in the Kingdom of Spain's sovereign credit ratings could adversely affect the Group's business, financial condition and results of operations. • The Group may be materially adversely affected by developments in the emerging markets where it operates • The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions • Exposure to the real estate market makes the Group vulnerable to developments in this market **Legal, Regulatory and Compliance Risks** • BBVA is subject to substantial regulation and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition. • Increasingly onerous capital requirements may have a material adverse effect on BBVA's business, financial condition and results of operations. • The capital conservation buffer and the global systemically important institutions buffer are mandatory for all financial institutions. • The consolidation of Garanti in the consolidated financial statements of the Group may result in increased capital requirements • BBVA´s inability to comply with its minimum requirement for own funds and eligible liabilities (MREL) could have a material adverse effect on BBVA´s business, financial condition and results of operations • Increased taxation and other burdens imposed on the financial sector may have a material adverse effect on BBVA's business, financial

SUMMARY

Element	Title	
		condition and results of operations • Contributions for assisting in the future recovery and resolution of the Spanish banking sector may have a material adverse effect on BBVA's business, financial condition and results of operations • Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on BBVA′s business, financial condition and results of operations • The Group's anti-money laundering and anti-terrorism policies may be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing • Local regulation may have a material effect on BBVA's business, financial condition, results of operations and cash flows **Liquidity and Financial Risks** • BBVA has a continuous demand for liquidity to fund its business activities. BBVA may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong • Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms or cause the Group to take other actions • Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of BBVA's business activities • The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet • The Group's business is particularly vulnerable to volatility in interest rates • The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets • BBVA is dependent on its credit ratings and any reduction of its credit ratings could materially and adversely affect the Group's business, financial condition and results of operations • Highly-indebted households and corporations could endanger the Group's asset quality and future revenues.

SUMMARY

Element	Title	
		• The Group depends in part upon dividends and other funds from subsidiaries **Business and Industry Risks** • The Group faces increasing competition in its business lines • The Group faces risks related to its acquisitions and divestitures • The Group is party to lawsuits, tax claims and other legal proceedings • The Group's ability to maintain its competitive position depends significantly on its international operations, which expose the Group to foreign exchange, political and other risks in the countries in which it operates, which could cause an adverse effect on its business, financial condition and results of operations. • BBVA is party to a shareholders' agreement with Doğuş Holding A. Ş., among other shareholders, in connection with Garanti which may affect BBVA's ability to achieve the expected benefits from its interest in Garanti. **Financial and Risk Reporting** • Weaknesses or failures in the Group's internal processes, systems and security could materially adversely affect its results of operations, financial condition or prospects, and could result in reputational damage • The financial industry is increasingly dependent on information technology systems, which may fail, may not be adequate for the tasks at hand or may no longer be available • BBVA's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position
D.3	**Key risks regarding the Notes:**	There are a number of risks associated with an investment in the Notes. These risks depend on the type of Notes and may include: ***Risks relating to the Notes*** • The Notes are unsecured obligations of the Issuer and the Guarantor. • The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes • Claims of Holders under the Notes are effectively junior to those of certain other creditors

SUMMARY

Element	Title	
		• Notes may be redeemed prior to their scheduled maturity • The Conditions of the Notes contain provisions which may permit their modification without the consent of all investors. • If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an Investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return. • The Issuer of the Notes may be substituted without the consent of the Noteholders. • The Guarantor of the Notes may be substituted without the consent of the Noteholders. • The Issue Price of the Notes may be more than the market value of such Notes as at the Issue Date and the price of the Notes in the secondary market. • Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes. • Change in Spanish and English law or administrative practice that could materially adversely impact the value of any Notes affected by it. • Eurosystem eligibility does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. • U.S. Foreign Account Tax Compliance Withholding new reporting regime. • Hiring Incentives to Restore Employment Act withholding may affect payments on the Notes. • Spanish Tax Rules. • Notes originally registered with the entities that manage clearing systems located in Spain • Notes originally registered with the entities that manage clearing systems located outside Spain • Meetings of Noteholders, modification and waiver. • Withholding under the EU Savings Directive. ***Risks relating to the structure of particular Notes***

SUMMARY

Element	Title	
		• Investors may lose the original invested amount. • The relevant market value of the Notes at any time is dependent on other matters in addition to the credit risk of the Issuer and Guarantor and the performance of the relevant Reference Item(s). • Market Disruption Events or Failure to Open of an Exchange. • Notes where denominations involve integral multiples. • Certain consideration relating to Physical Delivery Notes. • Noteholders may be required to pay certain expenses in relation to Notes subject to Physical Delivery. • There are certain requirements to be fulfilled and payments to be made by the Holder in order to receive Entitlement(s) in connection with Physical Delivery Notes and the Issuer may decide to settle by way of cash payment instead in certain circumstances. • Certein considerations relating to public offers of the Notes. • If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes • The value of Fixed Rate Notes may be adversely affected by movements in market interest rates • Risk of leveraged exposure • There may be risks associated with any hedging transactions the Issuer enters into. ***Generic Risk Factors that are associated with Notes that are linked to Reference Item(s)*** • It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Reference Item. • There may be regulatory consequences to the Noteholder of holding Reference Item Linked Notes. • There are specific risks with regard to Notes with a combination of Reference Items. • A Noteholder does not have rights of ownership in the Reference Item(s).

SUMMARY

Element	Title	
		• The past performance of a Reference Item is not indicative of future performance. • There are a number of risks associated with Notes that are linked to one or more specific types of Reference Items. ***Market Factors*** • An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes. • There may be price discrepancies with respect to the Notes as between various dealers or other purchasers in the secondary market. ***Potential Conflicts of Interest*** • The Issuer, the Guarantor and their respective affiliates may take positions in or deal with Reference Item(s). • The Calculation Agent, which will generally be the Guarantor or an affiliate of the Guarantor, has broad discretionary powers which may not take into account the interests of the Noteholders. • The Guarantor or an affiliate of the Guarantor may be the sponsor of an Index which is referenced by an Index Linked Note. • The Issuer and/or the Guarantor may have confidential information relating to the Reference Item and the Notes. • The Guarantor's securities as a Reference Item. • Potential conflicts of interest relating to distributors or other entities involved in the offer or listing of the Notes.
D.6	**Risk warning:**	***[Issue specific summary - this Element D.6 only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended):*** *[Not applicable These Notes are not derivative securities for the purpose of Commission Regulation (EC) No. 809/2003)]* *[include where the Notes are not capital protected:* [Investors may lose up to [ ] % of their investment [complete in each case].].

Section E – Offer

Element	Title	
E.2b	**Use of proceeds:**	The net proceeds from each issue of Notes will in accordance with Law 10/2014 of June 26 be invested on a permanent basis with the Guarantor and will be used for the Group´s general Corporate purposes, which include making a process, as specified in the Final Terms. A substantial portion of

SUMMARY

Element	Title	
		the process from the issue of Notes may be used to hedge market risk with respect to such Notes.
E.3	**Terms and conditions of the offer:**	If so specified in the Final Terms, the Notes may be offered to the public in a Non-exempt Offer in one or more specified public offer jurisdiction. The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the Final Terms. An Investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements. ***[Issue specific summary:*** [Not Applicable - the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency.)] [This issue of Notes is being offered in a Non-exempt Offer in [*specify particular country/ies*]. Offer Price: [Not applicable][[*give details*] [Conditions to which the offer is subject:] [Not applicable][*give details*] [Offers of the Notes are conditional on their issue and are subject to such conditions as are set out in the [Distribution Agreement], As between Dealers and their customers (including Authorised Offerors) or between Authorised Offerors and their customers offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.] [Description of the application process]: [Not applicable][*give details*] [Details of the minimum and/or maximum amount of application]: [Not applicable][*give details*]
E.4	**Interest of natural and legal persons involved in the issue/offer:**	The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business. ***[Issue specific summary:*** Other than as mentioned above,[and save for [*specify*],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests. [A fee has been paid by the Dealer to a third party distributor. For specific and detailed information on the nature and quantity of such fee, the investor should contact the distributor of the Note.][The Notes have been sold by the Dealer to a third party distributor at a discount to the specified issue price. For specific and

SUMMARY

Element	Title	
		detailed information on the nature and quantity of such discount, the investor should contact the distributor of the Note.]]
E.7	**Expenses charged to the investor by the Issuer or an Offeror:**	It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes under the Programme. Other Authorised Offerors (as defined above) may, however, charge expenses to investors. Such expenses (if any) will be determined on a case by case basis. ***[Issue specific summary:*** No expenses are being charged to an investor by the Issuer. [For this specific issue, however, expenses may be charged by an Authorised Offeror (as defined above) in the range between [*specify*] per cent. and [*specify*] per cent. of the nominal amount of the Notes to be purchased by the relevant investor.]]

RISK FACTORS

Each of the Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither of the Issuers nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or otherwise perform its obligations in connection with any Notes may occur for other reasons which may not be considered significant risks by either the Issuer or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Prospective investors in the Notes should consider carefully, among other things in the light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below (which each of the Issuer and the Guarantor, in its reasonable opinion, believes represent or may represent the risk factors known to it which may affect the Issuer's and/or the Guarantor's ability to fulfil its obligations under the Notes) in making an investment decision. Noteholders may lose the value of their entire investment in certain circumstances.

The Risk Factors set out below appear under the following headings:

1. Risk Factors relating to the Issuer.
2. Risk Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee.
3. Risk Factors relating to the Notes.
4. Risks relating to the structure of particular Notes.
5. Generic Risks Factors that are associated with Notes that are linked to Reference Item(s).
6. Risks Factors associated with Notes that are linked to one or more specific types of Reference Items.
7. Market Factors.
8. Potential Conflicts of Interest.

RISK FACTORS

1. Risk Factors relating to the Issuer

Issuer's dependence on the Guarantor to make payments on the Notes.

The Issuer is a finance vehicle established by the Guarantor for the purpose of, among others, issuing Notes and on-lending the proceeds within the Group. The Issuer is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should the Guarantor fail to pay interest on or repay any loan in a timely fashion this could have a material adverse effect on the ability of the Issuer to fulfil its obligations under Notes issued under the Programme.

By virtue of its dependence on other Group members, each of the risks described below that affect the Guarantor will also indirectly affect the Issuer.

Certain considerations in relation to the forum upon insolvency of the Issuer

In the event of insolvency of the Issuer, the court having jurisdiction to open insolvency proceedings and the law applicable to those proceedings and their effects will be determined in accordance with the provisions of Council Regulation (EC) No 1346/2000, of 29th May 2000, on insolvency proceedings ("Regulation 1346/2000"), the Spanish Insolvency Law 22/2003, of 9th July, 2003, as amended (the "Spanish Insolvency Law") and the Dutch Insolvency Law (faillissementswet) of 30th September, 1893, as most recently amended on 13th March, 2008 (the "Dutch Insolvency Law"). Pursuant to these provisions, the courts of the place where the Issuer has its centre of main interests shall have jurisdiction to open insolvency proceedings against it and the law applicable to the insolvency proceedings and their effects will be the law of the place where such proceedings are opened.

Under Regulation 1346/2000 the centre of main interests should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In the case of a company or legal person, Regulation 1346/2000 presumes, in the absence of proof to the contrary, that the place of its registered office is the centre of its main interests. Based on this presumption a Dutch court may consider that it has jurisdiction to open insolvency proceedings against the Issuer. Notwithstanding this presumption, it is arguable that the centre of main interests of the Issuer should be considered to be located in Spain and that the Spanish courts should be the courts with jurisdiction to open insolvency proceedings against it. In addition, even if the centre of main interests of the Issuer were not in Spain, the Spanish court could still open insolvency proceedings (named territorial insolvency proceedings) if they consider that the Issuer has an establishment within the territory of Spain, the effects of which would be limited to the assets of the Issuer situated in Spain.

Noteholders should be aware that, in accordance with the above, in the case of an eventual insolvency of the Issuer, there is uncertainty as to whether the insolvency proceedings would be opened in the Netherlands or in Spain.

2. Risk Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee

Macroeconomic Risks

Economic conditions in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations.

Despite recent improvements in certain segments of the global economy (including, to a lesser extent, the Eurozone), uncertainty remains concerning the future economic environment. The deterioration of economic conditions in the countries where the Group operates could adversely affect the cost and availability of funding for the Group, the quality of the Group's loan and investment securities portfolios and levels of deposits and profitability require the Group to take impairments on its exposures to the sovereign debt of one or more countries or otherwise adversely affect the Group's business, financial condition and results of operations. In addition, the process the Group uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of its borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Group's estimates, which may, in turn, affect the reliability of the process and the sufficiency of the Group's loan loss provisions.

The Group faces, among others, the following economic risks:

- weak economic growth or recession in the countries where it operates;

- deflation, mainly in Europe, or significant inflation, such as the significant inflation recently experienced by Venezuela and Argentina;

- changes in foreign exchange rates, such as the recent local currency devaluations in Venezuela and Argentina, as they result in changes in the reported earnings of the Group's subsidiaries outside the Eurozone, and their assets, including their risk-weighted assets, and liabilities;

- a lower interest rate environment, which could lead to decreased lending margins and lower returns on assets; or a higher interest rate environment, including as a result of an increase in interest rates by the Federal Reserve, which could affect consumer debt affordability and corporate profitability;

- any further tightening of monetary policies, including to address upward inflationary pressures in Latin America, which could endanger a still tepid and fragile economic recovery and make it more difficult for customers of the Group's mortgage and consumer loan products to service their debts;

- adverse developments in the real estate market, especially in Spain, Mexico, the United States and Turkey, given the Group's exposures to such markets;

- poor employment growth and structural challenges restricting employment growth, such as in Spain, where unemployment has remained relatively high, which may negatively affect the household income levels of the Group's retail customers and may adversely affect the recoverability of the Group's retail loans, resulting in increased loan losses;

- lower oil prices, which could particularly affect producing areas, such as Venezuela, Mexico, Texas or Colombia, to which the Group is materially exposed;

- uncertainties arising from the results of election processes in the different geographies in which BBVA operates, such as Spain, which may ultimately result in changes in laws, regulations and policies;

- the potential exit by an EU Member State from the European Monetary Union (EMU), which could materially adversely affect the European and global economy, cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency and substantially disrupt capital, interbank, banking and other markets, among other effects;

- uncertainty surrounding the commitment of the United Kingdom (UK) Government to hold a referendum in June of 2017 on whether the UK will stay in the European Union; and

- an eventual government default on public debt, which could affect the Group primarily in two ways: directly, through portfolio losses, and indirectly, through instabilities that a default in public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is generally high in several countries in which the Group operates;

For additional information relating to certain economic risks that the Group faces in Spain, see "*–Since BBVA's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition.*" For additional information relating to certain economic risks that the Group faces in emerging market economies such as Latin America and Turkey, see "*–The Group may be materially adversely affected by developments in the emerging markets where it operates*."

Any of the above risks could have a material adverse effect on the Group's business, financial condition and results of operations.

RISK FACTORS

Since BBVA's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition.

The Group has historically developed its lending business in Spain, which continues to be its main place of business. The Group's loan portfolio in Spain has been adversely affected by the deterioration of the Spanish economy since 2009. After rapid economic growth until 2007, Spanish gross domestic product (**GDP**) contracted in the period 2009-10 and 2012-13. The effects of the financial crisis were particularly pronounced in Spain given its heightened need for foreign financing as reflected by its high current account deficit, resulting from the gap between domestic investment and savings, and its public deficit. While the current account imbalance has now been corrected (with GDP growth of 3.2 per cent. in 2015) and the public deficit is diminishing, real or perceived difficulties in servicing public or private debt could increase Spain's financing costs. In addition, unemployment levels continue to be high and a change in the current recovery of the labor market would adversely affect households' gross disposable income.

The Spanish economy is particularly sensitive to economic conditions in the Eurozone, the main market for Spanish goods and services exports. Accordingly, an interruption in the recovery in the Eurozone might have an adverse effect on Spanish economic growth. Given the relevance of the Group's loan portfolio in Spain, any adverse changes affecting the Spanish economy could have a material adverse effect on the Group's business, financial condition and results of operations.

Any decline in the Kingdom of Spain's sovereign credit ratings could adversely affect the Group's business, financial condition and results of operations.

Since BBVA is a Spanish company with substantial operations in Spain, its credit ratings may be adversely affected by the assessment by rating agencies of the creditworthiness of the Kingdom of Spain. As a result, any decline in the Kingdom of Spain's sovereign credit ratings could result in a decline in BBVA's credit ratings.

In addition, the Group holds a substantial amount of securities issued by the Kingdom of Spain, autonomous communities within Spain and other Spanish issuers. Any decline in the Kingdom of Spain's credit ratings could adversely affect the value of the Kingdom of Spain's and other public or private Spanish issuers' respective securities held by the Group in its various portfolios or otherwise materially adversely affect the Group's business, financial condition and results of operations. Furthermore, the counterparties to many of the Group's loan agreements could be similarly affected by any decline in the Kingdom of Spain's credit ratings, which could limit their ability to raise additional capital or otherwise adversely affect their ability to repay their outstanding commitments to the Group and, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

The Group may be materially adversely affected by developments in the emerging markets where it operates

The economies of some of the emerging markets where the Group operates, mainly Latin America and Turkey, experienced significant volatility in recent decades, characterised, in some cases, by slow or declining growth, declining investment and hyperinflation.

Emerging markets are generally subject to greater risks than more developed markets. For example, there is typically a greater risk of loss from unfavorable political and economic developments, social and geopolitical instability, and changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps and tax policies. In addition, these emerging markets are affected by conditions in global financial markets and some are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. As a global economic recovery remains fragile, there are risks of a deterioration. If the global economic conditions deteriorate, the business, financial condition, operating results and cash flows of BBVA's subsidiaries in emerging economies, mainly in Latin America and Turkey, may be materially adversely affected.

Furthermore, financial turmoil in any particular emerging market could negatively affect other emerging markets or the global economy in general. Financial turmoil in emerging markets tends to adversely affect stock prices and debt securities prices of other emerging markets as investors move their money to more stable and developed markets, and may reduce liquidity to companies located in the affected markets. An increase in the perceived risks associated with investing in emerging economies in general, or the emerging market economies where the Group operates in particular, could dampen capital flows to such economies and adversely affect such economies.

RISK FACTORS

If economic conditions in the emerging market economies where the Group operates deteriorate, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions

Severe market events such as the past sovereign debt crisis, rising risk premiums and falls in share market prices, have resulted in the Group recording large write-downs on its credit market exposures in recent years. In particular, negative growth expectations and lack of confidence that policy changes would solve problems led to steep falls in asset values and a severe reduction in market liquidity in 2012 and 2013, and a moderated recovery in 2014. Additionally, in dislocated markets, hedging and other risk management strategies may not be as effective as they are in more normal market conditions due in part to the decreasing credit quality of hedge counterparties. Any deterioration in economic and financial market conditions could lead to further impairment charges and write-downs.

Exposure to the real estate market makes the Group vulnerable to developments in this market

The Group has substantial exposure to the real estate market, mainly in Spain, Mexico and the United States. The Group is exposed to the real estate market due to the fact that real estate assets secure many of its outstanding loans and due to the significant amount of real estate assets held on its balance sheet (mainly in Spain). Any deterioration of real estate prices could materially and adversely affect the Group's business, financial condition and results of operations.

Legal, Regulatory and Compliance Risks

BBVA is subject to substantial regulation and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition

The financial services industry is among the most highly regulated industries in the world. In response to the global financial crisis and the European sovereign debt crisis, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. Legislation has already been enacted and regulations issued in response to some of these proposals. The regulatory framework for financial institutions is likely to undergo further significant change. This creates significant uncertainty for BBVA and the financial industry in general. The wide range of recent actions or current proposals includes, among other things, provisions for more stringent regulatory capital and liquidity standards, restrictions on compensation practices, special bank levies and financial transaction taxes, recovery and resolution powers to intervene in a crisis including "bail-in" of creditors, separation of certain businesses from deposit taking, stress testing and capital planning regimes, heightened reporting requirements and reforms of derivatives, other financial instruments, investment products and market infrastructures.

In addition, the new institutional structure in Europe for supervision, with the creation of the single supervisor, and for resolution, with the new single resolution mechanism, could lead to changes in the near future. The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still ongoing. In addition, since some of these laws and regulations have been recently adopted, the manner in which they are applied to the operations of financial institutions is still evolving. No assurance can be given that laws or regulations will be enforced or interpreted in a manner that will not have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. In addition, regulatory scrutiny under existing laws and regulations has become more intense.

Furthermore, regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions such as BBVA that are deemed to be systemically important.

In addition, local regulations in certain jurisdictions where BBVA operates differ in a number of material respects from equivalent regulations in Spain or the United States. Changes in regulations may have a material adverse effect on the Group's business, results of operations and financial condition, particularly in Mexico, the United States, Venezuela, Argentina and Turkey. Furthermore, regulatory fragmentation, with some countries implementing new and more stringent

standards or regulation, could adversely affect BBVA's ability to compete with financial institutions based in other jurisdictions which do not need to comply with such new standards or regulation. Moreover, to the extent recently adopted regulations are implemented inconsistently in the various jurisdictions in which the Group operates, the Group may face higher compliance costs.

Any required changes to BBVA's business operations resulting from the legislation and regulations applicable to such business could result in significant loss of revenue, limit BBVA's ability to pursue business opportunities in which BBVA might otherwise consider engaging, affect the value of assets that BBVA holds, require BBVA to increase its prices and therefore reduce demand for its products, impose additional costs on BBVA or otherwise adversely affect BBVA's businesses. For example, BBVA is subject to substantial regulation relating to liquidity. Future liquidity standards could require BBVA to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Moreover, BBVA's regulators, as part of their supervisory function, periodically review BBVA's allowance for loan losses. Such regulators may require BBVA to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as required by these regulatory agencies, whose views may differ from those of BBVA's management, could have an adverse effect on BBVA's earnings and financial condition.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on BBVA's business, results of operations and financial condition.

Increasingly onerous capital requirements may have a material adverse effect on BBVA's business, financial condition and results of operations

As a Spanish credit institution, BBVA is subject to Directive 2013/36/EU, of 26th June, of the European Parliament on access to credit institution and investment firm activities and on prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) that replaced Directives 2006/48 and 2006/49 through which the EU began implementing the Basel III capital reforms, with effect from 1st January, 2014, with certain requirements in the process of being phased in until 1st January, 2019. The core regulation regarding the solvency of credit entities is Regulation (EU) No. 575/2013 of 26th June, of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the **CRR** and together with the CRD IV Directive and any CRD IV implementing measures, **CRD IV**), which is complemented by several binding regulatory technical standards, all of which are directly applicable in all EU member states, without the need for national implementation measures. The implementation of CRD IV Directive into Spanish law has taken place through Royal Decree-Law 14/2013 of 29th November (**RD-L 14/2013**), Law 10/2014, of June 26, on regulation, supervision and solvency of credit institutions ("**Law 10/2014**") Royal Decree 84/2015, of 13th February (**RD 84/2015**), Bank of Spain Circular 2/2014 of 31st January and Bank of Spain Circular 2/2016 of 2nd February (the **Bank of Spain Circular 2/2016**).

The new regulatory regime has, among other things, established minimum "Pillar 1" capital requirements and increased the level of capital required by means of a "combined buffer requirement" that entities must comply with from 2016 onwards. The "combined buffer requirement" has introduced five new capital buffers: (i) the capital conservation buffer, (ii) the global systemically important institutions buffer, (iii) the institution-specific countercyclical buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. The "combined buffer requirement" applies in addition to the minimum "Pillar 1" capital requirements and is required to be satisfied with common equity tier 1 (**CET1**) capital.

The capital conservation buffer and the global systemically important institutions buffer are mandatory for all financial institutions.

The global systemically important institutions buffer applies to those institutions included in the list of global systemically important banks (**G-SIBs**), which is updated annually by the Financial Stability Board (the **FSB**). BBVA has been excluded from this list with effect from 1st January, 2017 and so, unless otherwise indicated by the FSB (or the Bank of Spain) in the future, it will only be required to maintain the G-SIB buffer for year 2016.

The Bank of Spain has greater discretion in relation to the institution-specific countercyclical buffer, the buffer for other systemically important institutions (those institutions deemed to be of local systemic importance) (Other systemically Important Institutions ("**OSII**") and the systemic risk buffer (a buffer to prevent systemic or macro prudential risks). With the

entry into force of the Single Supervisory Mechanism (the "**SSM**") on 4th November, 2014, the European Central Bank (the "**ECB**") also has the ability to provide certain recommendations in this respect.

The Bank of Spain agreed in December 2015 to set the institution-specific countercyclical buffer applicable to credit exposures in Spain at 0 per cent. from 1st January, 2016. The percentages will be revised each quarter.

Moreover, Article 104 of CRD IV Directive, as implemented by Article 68 of Law 10/2014, and similarly Article 16 of Council Regulation (EU) No 1024/2013 of 15th October, 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**"), also contemplate that in addition to the minimum "Pillar 1" capital requirements, supervisory authorities may impose further "Pillar 2" capital requirements to cover other risks, including those not considered to be fully captured by the minimum "own funds" "Pillar 1" requirements under CRD IV or to address macro-prudential considerations.

In accordance with the SSM Regulation, the ECB has fully assumed its new supervisory responsibilities of BBVA and the Group within the SSM. The ECB is required under the SSM Regulation to carry out a supervisory review and evaluation process (the "**SREP**") at least on an annual basis.

In addition to the above, the European Banking Authority (the "**EBA**") published on 19th December, 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the "**EBA SREP Guidelines**"). Included in this were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional "Pillar 2" own funds requirements to be implemented by 1st January, 2016. Under these guidelines, national supervisors should set a composition requirement for the "Pillar 2" requirements to cover certain specified risks of at least 56 per cent. CET1 capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by the "combined buffer requirement" and/or additional macro-prudential requirements.

Accordingly, any additional "Pillar 2" own funds requirement that may be imposed on BBVA and/or the Group by the ECB pursuant to the SREP will require BBVA and/or the Group to hold capital levels above the minimum "Pillar 1" capital requirements.

As a result of the most recent SREP carried out by the ECB in 2015, BBVA has been informed by the ECB that it is required to maintain a CET1 phased-in capital ratio of 9.5 per cent. (both on a consolidated and individual basis). This CET1 capital ratio of 9.5 per cent. includes (i) the minimum CET1 capital ratio required under "Pillar 1" (4.5 per cent.), (ii) the additional own funds requirement under "Pillar 2" and (iii) the capital conservation buffer (0.625 per cent. phased-in and 2.5 per cent. fully loaded).

Further 2016 BBVA is required to maintain during 2016 a G-SIB buffer of 0.25 per cent. on a consolidated basis. Therefore, its minimum CET1 phased-in capital requirement for 2016 will be 9.75 per cent. on a consolidated basis.

Following the BBVA's exclusion from the G-SIB list of the FSB effective on 1st January, 2017, the G-SIB buffer will, unless otherwise indicated by the FSB or the BBVA of Spain in the upcoming annual reviews, no longer apply to the BBVA from this date. However, the BBVA of Spain has communicated to the BBVA that it will be considered a D-SIB.

The D-SIB buffer imposes on BBVA an additional CET1 capital requirement of 0.5 per cent. on a consolidated basis, which will be phased-in from 1st January, 2016 to 1st January, 2019. However, in accordance with the criteria set out by the ECB, BBVA will not be required to maintain the D-SIB buffer during 2016 because the requirements for the G-SIB buffer (which will continue to apply to BBVA during 2016) exceed those of the D-SIB buffer. BBVA will be required instead to maintain a D-SIB buffer as of 1st January, 2017. Some or all of the other buffers may also apply to BBVA and/or the Group from time to time as determined by the ECB.

As of 31st December, 2015, BBVA's CET1 phased-in capital ratio was 12.1 per cent. on a consolidated basis and 17.8 per cent on an individual basis. Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements ("Pillar 1" plus "Pillar 2" plus "combined buffer requirement") imposed on BBVA and/or the Group from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further "Pillar 2" additional own funds requirements on BBVA and/or the Group.

RISK FACTORS

Any failure by BBVA and/or the Group to maintain its "Pillar 1" minimum regulatory capital ratios, any "Pillar 2" additional own funds requirements and/or any "combined buffer requirement" could result in administrative actions or sanctions, which, in turn, may have a material adverse effect on the Group's results of operations. In particular, any failure to maintain any additional capital requirements pursuant to the "Pillar 2" framework or any other capital requirements to which BBVA and/or the Group is or becomes subject (including the "combined buffer requirement"), may result in the imposition of restrictions or prohibitions on "discretionary payments" by BBVA as discussed below.

According to Article 48 of Law 10/2014, Article 73 of RD 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, an entity not meeting its "combined buffer requirement" is required to determine its "**Maximum Distributable Amount**" as described therein. Until the Maximum Distributable Amount has been calculated and communicated to the Bank of Spain, the relevant entity will be subject to restrictions on (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to Additional Tier 1 capital ("**discretionary payments**") and, thereafter, any such discretionary payments by that entity will be subject to such Maximum Distributable Amount. Furthermore, as set forth in Article 48 of Law 10/2014, the adoption by the Bank of Spain of the measures prescribed in Articles 68.2.h) and 68.2.i) of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends respectively will also restrict discretionary payments to such Maximum Distributable Amount.

As set out in the "Opinion of the European Banking Authority on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions" published on 16th December, 2015 (the "**December 2015 EBA Opinion**"), in the EBA's opinion competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital available to meet the "combined buffer requirement" for the purposes of the Maximum Distributable Amount calculation is limited to the amount not used to meet the "Pillar 1" and "Pillar 2" own funds requirements of the institution. In addition, the December 2015 EBA Opinion advises the European Commission to (i) review Article 141 of the CRD IV Directive with a view to avoiding differing interpretations of Article 141(6) and thus ensuring greater consistency of the maximum distributable amount framework with the stacking order described in the opinion and in the EBA SREP Guidelines and (ii) review the prohibition on distribution in all circumstances where there are no profits in any given year, notably insofar as it relates to additional Tier 1 instruments,. There can be no assurance as to how and when, if any binding effect will be given to the December 2015 EBA Opinion in Spain, including as to the consequences for an institution whose capital levels fall below these requirements.

The ECB has also set out in its recommendation of 17th December, 2015 on dividend distribution policies, that credit institutions should establish dividend policies using conservative and prudent assumptions in order, after any distribution, to satisfy the applicable capital requirements.

Any failure by BBVA and/or the Group to comply with its regulatory capital requirements could also result in the imposition of further "Pillar 2" requirements and the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015, of 18th June on the Recovery and Resolution of Credit Institutions and Investment Firms (*Ley 11/2015 de 18 de junio de Recuperación y Resolución de Entidades de Crédito y Empresas de Servicios de Inversión*) ("**Law 11/2015**"), which, together with Royal Decree 1012/2015 of 6th November ("**RD 1012/2015**"), has implemented Directive 2014/59/EU of 15th May establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") into Spanish law.

At its meeting of 12th January, 2014, the oversight body of the Basel Committee endorsed the definition of the leverage ratio set forth in CRD IV, to promote consistent disclosure, which applied from 1st January, 2015. There will be a mandatory minimum capital requirement on 1st January, 2018, with an initial minimum leverage ratio of 3 per cent. that can be raised after calibration, if European authorities so decide.

Basel III implementation differs across jurisdictions in terms of timing and the applicable rules. For example, the Mexican government introduced the Basel III capital standards in 2012 whereas Basel III became effective in the United States on 1st January, 2015 for credit institutions with total consolidated assets of less than U.S.$250 billion. This lack of uniformity among rules may lead to an uneven playing field and to competition distortions. Moreover, the lack of regulatory coordination, with some countries bringing forward the application of Basel III requirements or increasing such requirements, could adversely affect a bank with global operations such as the BBVA and could undermine its profitability.

There can be no assurance that the implementation of the above capital requirements will not adversely affect the BBVA's ability to pay "discretionary payments" or result in the cancellation of such payments (in whole or in part), or require the

BBVA to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the BBVA's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect the BBVA's return on equity and other financial performance indicators.

The consolidation of Garanti in the consolidated financial statements of the Group may result in increased capital requirements

On 19th November, 2014, BBVA entered into agreements for the acquisition from Doğuş Holding A.Ş. and Ferit Faik Şahenk, Dianne Şahenk and Defne Şahenk, respectively, of 62,538,000,000 shares of Türkiye Garanti Bankası A.Ş. ("**Garanti**") in the aggregate. The acquisition was conditional on obtaining all necessary regulatory consents from the relevant Turkish, Spanish, European Union and, if applicable, other jurisdictions' regulatory authorities and was completed in July 2015. Following completion of this acquisition, BBVA fully consolidated Garanti in the consolidated financial statements of the Group. The consolidation of Garanti may result in an incremental increase in the capital requirements imposed on the Group by the ECB through the SSM.

BBVA´s inability to comply with its minimum requirement for own funds and eligible liabilities (MREL) could have a material adverse effect on BBVA´s business, financial condition and results of operations

The BRRD prescribes that banks shall hold a minimum level of capital and eligible liabilities in relation to total liabilities (known as MREL). On 3rd July, 2015 the EBA published the final draft technical standard on the criteria for determining MREL. The level of capital and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on certain criteria including systemic importance. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The MREL requirement will come into force by January 2016. However, the EBA has recognised the impact which this requirement may have on banks' funding structures and costs. Therefore, it has proposed a long phase-in period of 48 months (four years) until 2020.

Additionally, the EBA will submit a report to the European Commission by 21st October, 2016, which reviews the application of MREL and seeks to bring its implementation closer to that of the Total Loss-Absorbing Capacity ratio that was published by the Financial Stability Board in November 2015 and that applies to global systemically important banks.

If the resolution authority finds that there could exist any obstacles to resolvability by BBVA and/or the Group, a higher MREL requirement could be imposed.

Any failure by BBVA and/or the Group to comply with its MREL may have a material adverse effect on BBVA's business, financial conditions and results of operations.

Increased taxation and other burdens imposed on the financial sector may have a material adverse effect on BBVA's business, financial condition and results of operations

On 14th February, 2013 the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The European Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the European Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation among the 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 and participating Member States may decide not to participate.

Royal Decree-Law 8/2014, of 4th July, introduced a 0.03 per cent. tax on bank deposits in Spain. This tax is payable annually by Spanish banks. There can be no assurance that additional national or transnational bank levies or financial transaction taxes will not be adopted by the authorities of the jurisdictions where BBVA operates.

Contributions for assisting in the future recovery and resolution of the Spanish banking sector may have a material adverse effect on BBVA's business, financial condition and results of operations

During 2015 Law 11/2015 and RD 1012/2015 established a requirement for Spanish credit institutions, including BBVA, to make at least an annual ordinary contribution to the National Resolution Fund (*Fondo de Resolución Nacional*) payable on request of the Fund for Orderly Bank Restructuring (*Fondo de Restructuración Ordenada Bancaria*) (the "**FROB**") in addition to the annual contribution to be made to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos de Entidades de Crédito*) by member institutions. The total amount of contributions to be made to the National Resolution Fund by all Spanish banking entities must equal, at least, one per cent. of the aggregate amount of all deposits guaranteed by the Deposit Guarantee Fund by 31st December, 2024. The contribution will be adjusted to the risk profile of each institution in accordance with the criteria set out in RD 1012/2015. The FROB may, in addition, collect extraordinary contributions.

Furthermore, Law 11/2015 has also established in 2015 an additional charge (*tasa*) which shall be used to further fund the activities of the FROB, in its capacity as a resolution authority, which charge shall equal 2.5 per cent. of the above annual ordinary contribution to be made to the National Resolution Fund.

In addition, BBVA may need to make contributions to the EU Single Resolution Fund, once the National Resolution Fund has been integrated into it, and will have to pay supervisory fees to the SSM. See "*–Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on BBVA's business, financial condition and results of operations*."

Any levies, taxes or funding requirements imposed on BBVA pursuant to the foregoing or otherwise in any of the jurisdictions where it operates could have a material adverse effect on BBVA′s business, financial condition and results of operations.

Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on BBVA's business, financial condition and results of operations

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone.

Banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the Single Resolution Mechanism ("**SRM**").

The SSM is intended to assist in making the banking sector more transparent, unified and safer. In accordance with the SSM Regulation, the ECB fully assumed its new supervisory responsibilities within the SSM, in particular the direct supervision of the largest European banks (including the BBVA), on 4th November, 2014.

The SSM represents a significant change in the approach to bank supervision at a European and global level, even if it is not expected to result in any radical change in bank supervisory practices in the short term. The SSM has resulted in the direct supervision by the ECB of the largest financial institutions, including BBVA, and indirect supervision of around 3,500 financial institutions. The new supervisor is one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to work to establish a new supervisory culture importing best practices from the 19 supervisory authorities that form part of the SSM. Several steps have already been taken in this regard such as the publication of the Supervisory Guidelines and the creation of the SSM Framework Regulation. In addition, the SSM represents an extra cost for the financial institutions that fund it through payment of supervisory fees.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost. Regulation (EU) No. 806/2014 of the European Parliament and the

Council of the European Union (the "**SRM Regulation**"), which was passed on 15th July, 2014, and took legal effect from 1st January, 2015, establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund. The new Single Resolution Board started operating from 1st January, 2015 and fully assumed its resolution powers on 1st January, 2016. The Single Resolution Fund has also been in place since 1st January, 2016, funded by contributions from European banks in accordance with the methodology approved by the Council of the European Union. The Single Resolution Fund is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8 per cent. bail-in of a bank's liabilities has been applied to cover capital shortfalls (in line with the BRRD).

By allowing for the consistent application of EU banking rules through the SSM, the banking union is expected to help resume momentum towards economic and monetary union. In order to complete such union, a single deposit guarantee scheme is still needed which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as BBVA′s main supervisory authority may have a material effect on BBVA′s business, financial condition and results of operations. In particular, the BRRD and Directive 2014/49/EU on deposit guarantee schemes were published in the Official Journal of the EU on 12th June, 2014. The BRRD was implemented into Spanish law through Law 11/2015 and RD 1012/2015.

In addition, on 29th January, 2014, the European Commission released its proposal on the structural reforms of the European banking sector that will impose new constraints on the structure of European banks. The proposal aims at ensuring the harmonisation between the divergent national initiatives in Europe. It includes a prohibition on proprietary trading similar to that contained in Section 619 of the Dodd-Frank Act (also known as the Volcker Rule) and a mechanism to potentially require the separation of trading activities (including market making), such as in the Financial Services (Banking Reform) Act 2013, complex securitisations and risky derivatives.

There can be no assurance that regulatory developments related to the EU fiscal and banking union, and initiatives undertaken at EU level, will not have a material adverse effect on BBVA′s business, financial condition and results of operations.

The Group's anti-money laundering and anti-terrorism policies may be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing

Group companies are subject to rules and regulations regarding money laundering and the financing of terrorism. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its anti-money laundering and anti-terrorism financing policies and procedures will not be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and notably reputational consequences, which could have a material adverse effect on the Group's financial condition and results of operations.

Local regulation may have a material effect on BBVA's business, financial condition, results of operations and cash flows

BBVA′s operations are subject to regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in the various jurisdictions outside Spain where it operates. Regulations in certain jurisdictions where BBVA operates differ in a number of material respects from regulations in Spain. For example, local regulations may require BBVA's subsidiaries and affiliates to meet capital requirements which are different from those applicable to BBVA as a Spanish bank, they may prohibit certain activities permitted to be undertaken by BBVA in Spain or they may require certain approvals to be obtained in connection with such subsidiaries and affiliates' activities. Changes in regulations may have a material effect on the Group's business and operations, particularly changes affecting Mexico, the United States, Venezuela, Argentina or Turkey, which are the Group's most significant jurisdictions by assets other than Spain.

Furthermore, the governments in certain regions where the Group operates, have exercised, and continue to exercise, significant influence over the local economy. Governmental actions, including changes in laws or regulations or in the interpretation of existing laws or regulations, concerning the economy and state-owned enterprises, or otherwise affecting the

RISK FACTORS

Group's activity, could have a significant effect on the private sector entities in general and on BBVA's subsidiaries and affiliates in particular. In addition, the Group's activities in emerging economies, such as Venezuela, are subject to a heightened risk of changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps, exchange controls, government restrictions on dividends and tax policies. Any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Liquidity and Financial Risks

BBVA has a continuous demand for liquidity to fund its business activities. BBVA may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong

Liquidity and funding continue to remain a key area of focus for the Group and the industry as a whole. Like all major banks, the Group is dependent on confidence in the short- and long-term wholesale funding markets. Should the Group, due to exceptional circumstances, be unable to continue to source sustainable funding, its ability to fund its financial obligations could be affected.

BBVA's profitability or solvency could be adversely affected if access to liquidity and funding is constrained or made more expensive for a prolonged period of time. Under extreme and unforeseen circumstances, such as the closure of financial markets and uncertainty as to the ability of a significant number of firms to ensure they can meet their liabilities as they fall due, the Group's ability to meet its financial obligations as they fall due or to fulfill its commitments to lend could be affected through limited access to liquidity (including government and central bank facilities). In such extreme circumstances the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access. These factors may have a material adverse effect on the Group's solvency, including its ability to meet its regulatory minimum liquidity requirements. These risks can be exacerbated by operational factors such as an over-reliance on a particular source of funding or changes in credit ratings, as well as market-wide phenomena such as market dislocation, regulatory change or major disasters.

In addition, corporate and institutional counterparties may seek to reduce aggregate credit exposures to BBVA (or to all banks), which could increase the Group's cost of funding and limit its access to liquidity. The funding structure employed by the Group may also prove to be inefficient, thus giving rise to a level of funding cost where the cumulative costs are not sustainable over the longer term. The funding needs of the Group may increase and such increases may be material to the Group's business, financial condition and results of operations.

Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms or cause the Group to take other actions

Historically, one of the Group's principal sources of funds has been savings and demand deposits. Large-denomination time deposits may, under some circumstances, such as during periods of significant interest rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. The level of wholesale and retail deposits may also fluctuate due to other factors outside the Group's control, such as a loss of confidence (including as a result of political initiatives, including bail-in and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products. The recent introduction of a national tax on outstanding deposits could be negative for BBVA's activities in Spain. Moreover, there can be no assurance that, in the event of a sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which the Group operates, the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. In addition, if public sources of liquidity, such as the ECB extraordinary measures adopted in response to the financial crisis since 2008, are removed from the market, there can be no assurance that the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets or taking additional deleverage measures.

Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of BBVA's business activities

The liquidity coverage ratio ("**LCR**") is a quantitative liquidity standard developed by the Basel Committee on Banking Supervision ("**BCBS**") to ensure that those banking organisations to which this standard is to apply have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. The final standard was

announced in January 2013 by the BCBS and, since January 2015, is being phased-in until 2019. Currently the banks to which this standard applies must comply with a minimum LCR requirement of 60 per cent. and gradually increase the ratio by 10 percentage points per year to reach 100 per cent. by January 2019.

The BCBS's net stable funding ratio ("**NSFR**") has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities that reduces the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure. The BCBS contemplates that the NSFR, including any revisions, will be implemented by member countries as a minimum standard by 1st January, 2018, with no phase-in scheduled.

Various elements of the LCR and the NSFR, as they are implemented by national banking regulators and complied with by BBVA may cause changes that affect the profitability of business activities and require changes to certain business practices, which could expose BBVA to additional costs (including increased compliance costs) or have a material adverse effect on BBVA's business, financial condition or results of operations. These changes may also cause BBVA to invest significant management attention and resources to make any necessary changes.

The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet

The Group has exposures to many different products, counterparties and obligors and the credit quality of its exposures can have a significant effect on the Group's earnings. Adverse changes in the credit quality of the Group's borrowers and counterparties or collateral, or in their behavior or businesses, may reduce the value of the Group's assets, and materially increase the Group's write-downs and provisions for impairment losses. Credit risk can be affected by a range of factors, including an adverse economic environment, reduced consumer and/or government spending, global economic slowdown, changes in the rating of individual counterparties, the debt levels of individual contractual counterparties and the economic environment they operate in, increased unemployment, reduced asset values, increased personal or corporate insolvency levels, reduced corporate profits, changes (and the timing, quantum and pace of these changes) in interest rates, counterparty challenges to the interpretation or validity of contractual arrangements and any external factors of a legislative or regulatory nature. In recent years, the global economic crisis has driven cyclically high bad debt charges.

Non-performing or low credit quality loans have in the past and can continue to negatively affect BBVA's results of operations. BBVA cannot assure that it will be able to effectively control the level of the impaired loans in its total loan portfolio. At present, default rates are partly cushioned by low rates of interest which have improved customer affordability, but the risk remains of increased default rates as interest rates start to rise. The timing quantum and pace of any rise is a key risk factor. All new lending is dependent on the Group's assessment of each customer's ability to pay, and there is an inherent risk that the Group has incorrectly assessed the credit quality or willingness of borrowers to pay, possibly as a result of incomplete or inaccurate disclosure by those borrowers or as a result of the inherent uncertainty that is involved in the exercise of constructing models to estimate the true risk of lending to counterparties. The Group estimates and establishes reserves for credit risks and potential credit losses inherent in its credit exposure. This process, which is critical to the Group's results and financial condition, requires difficult, subjective and complex judgments, including forecasts of how macro-economic conditions might impair the ability of borrowers to repay their loans. As is the case with any such assessments, there is always a risk that the Group will fail to adequately identify the relevant factors or that it will fail to estimate accurately the effect of these identified factors, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's business is particularly vulnerable to volatility in interest rates

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks, regulation of the financial sectors in the markets in which it operates, domestic and international economic and political conditions and other factors. Changes in market interest rates, including cases of negative reference rates, can affect the interest rates that the Group receives on its interest-earning assets differently to the rates that it pays for its interest-bearing liabilities. This may, in turn, result in a reduction of the net interest income the Group receives, which could have a material adverse effect on its results of operations.

In addition, the high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to changes in interest rates. In addition, a rise in interest rates could reduce the demand for credit and the Group's ability to generate credit for its clients, as well as contribute to an increase in the credit default rate. As a result of these and the above factors, significant changes or volatility in interest rates could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets

The Group's commitments with personnel which are considered to be wholly unfunded are recognised under the heading "*Provisions—Provisions for Pensions and Similar Obligations*" in its consolidated balance sheets included in the Consolidated Financial Statements. For more information please see Note 24 to the Consolidated Financial Statements.

The Group faces liquidity risk in connection with its ability to make payments on these unfunded amounts which it seeks to mitigate, with respect to "Post-employment benefits", by maintaining insurance contracts which were contracted with insurance companies owned by the Group. The insurance companies have recorded in their balance sheets specific assets (fixed interest deposit and bonds) assigned to the funding of these commitments. The insurance companies also manage derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. The Group seeks to mitigate liquidity risk with respect to "Early retirements" and "Post-employment welfare benefits" through oversight by the Assets and Liabilities Committee ("**ALCO**") of the Group. The Group's ALCO manages a specific asset portfolio to mitigate the liquidity risk resulting from the payments of these commitments. These assets are government and covered bonds which are issued at fixed interest rates with maturities matching the aforementioned commitments. The Group's ALCO also manages derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. Should BBVA fail to adequately manage liquidity risk and interest rate risk either as described above or otherwise, it could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

BBVA is dependent on its credit ratings and any reduction of its credit ratings could materially and adversely affect the Group's business, financial condition and results of operations

BBVA is rated by various credit rating agencies. BBVA's credit ratings are an assessment by rating agencies of its ability to pay its obligations when due. Any actual or anticipated decline in BBVA's credit ratings to below investment grade or otherwise may increase the cost of and decrease the Group's ability to finance itself in the capital markets, secured funding markets (by affecting its ability to replace downgraded assets with better rated ones), interbank markets, through wholesale deposits or otherwise, harm its reputation, require it to replace funding lost due to the downgrade, which may include the loss of customer deposits, and make third parties less willing to transact business with the Group or otherwise materially adversely affect its business, financial condition and results of operations. Furthermore, any decline in BBVA's credit ratings to below investment grade or otherwise could breach certain agreements or trigger additional obligations under such agreements, such as a requirement to post additional collateral, which could materially adversely affect the Group's business, financial condition and results of operations.

Highly-indebted households and corporations could endanger the Group's asset quality and future revenues

In recent years, households and businesses have reached a high level of indebtedness, particularly in Spain, which has created increased risk in the Spanish banking system. In addition, the high proportion of loans referenced to variable interest rates makes (i) debt service on such loans more vulnerable to upward movements in interest rates and (ii) the profitability of the loans more vulnerable to interest rate decreases. Highly indebted households and businesses are less likely to be able to service debt obligations as a result of adverse economic events, which could have an adverse effect on the Group's loan portfolio and, as a result, on its financial condition and results of operations. Moreover, the increase in households' and businesses' indebtedness also limits their ability to incur additional debt, reducing the number of new products the Group may otherwise be able to sell to them and limiting the Group's ability to attract new customers who satisfy its credit standards, which could have an adverse effect on the Group's ability to achieve its growth plans.

The Group depends in part upon dividends and other funds from subsidiaries

Some of the Group's operations are conducted through its financial services subsidiaries. As a result, BBVA's ability to pay dividends, to the extent BBVA decides to do so, depends in part on the ability of the Group's subsidiaries to generate

earnings and to pay dividends to BBVA. Payment of dividends, distributions and advances by the Group's subsidiaries will be contingent upon their earnings and business considerations and is or may be limited by legal, regulatory and contractual restrictions. For instance, the repatriation of dividends from the Group's Venezuelan and Argentinean subsidiaries have been subject to certain restrictions and there is no assurance that further restrictions will not be imposed. Additionally, BBVA's right to receive any assets of any of the Group's subsidiaries as an equity holder of such subsidiaries upon their liquidation or reorganisation, will be effectively subordinated to the claims of subsidiaries' creditors, including trade creditors.

Business and Industry Risks

The Group faces increasing competition in its business lines

The markets in which the Group operates are highly competitive and this trend will likely continue. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which the Group must now compete.

The Group also faces competition from non-bank competitors, such as payment platforms, ecommerce businesses, department stores (for some credit products), automotive finance corporations, leasing companies, factoring companies, mutual funds, pension funds, insurance companies, and public debt.

There can be no assurance that this competition will not adversely affect the Group's business, financial condition, cash flows and results of operations.

The Group faces risks related to its acquisitions and divestitures

The Group's mergers and acquisitions activity involves divesting its interests in some businesses and strengthening other business areas through acquisitions. The Group may not complete these transactions in a timely manner, on a cost-effective basis or at all. Even though the Group reviews the companies it plans to acquire, it is generally not feasible for these reviews to be complete in all respects. As a result, the Group may assume unanticipated liabilities, or an acquisition may not perform as well as expected. In addition, transactions such as these are inherently risky because of the difficulties of integrating people, operations and technologies that may arise. There can be no assurance that any of the businesses the Group acquires can be successfully integrated or that they will perform well once integrated. Acquisitions may also lead to potential write-downs due to unforeseen business developments that may adversely affect the Group's results of operations.

The Group's results of operations could also be negatively affected by acquisition or divestiture-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. The Group may be subject to litigation in connection with, or as a result of, acquisitions or divestitures, including claims from terminated employees, customers or third parties, and the Group may be liable for future or existing litigation and claims related to the acquired business or divestiture because either the Group is not indemnified for such claims or the indemnification is insufficient. These effects could cause the Group to incur significant expenses and could materially adversely affect its business, financial condition, cash flows and results of operations.

The Group is party to lawsuits, tax claims and other legal proceedings

Due to the nature of the Group's business, BBVA and its subsidiaries are involved in litigation, arbitration and regulatory proceedings in jurisdictions around the world (including proceedings on the potential retroactivity of compensation to customers regarding certain mortgages clauses), the financial outcome of which is unpredictable, particularly where the claimants seek remarkable or undetermined indemnities for damages, or where the cases argue novel legal theories, involve a large number of parties or are in early stages of discovery. An adverse outcome or settlement in these proceedings could result in significant costs and may have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and reputation.

In addition, responding to the demands of litigation may divert management's time and attention and financial resources. While the Group believes that it has provisioned such risks appropriately based on the opinions and advice of its legal advisors and in accordance with applicable accounting rules, it is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to the Group, could exceed the amount of provisions made for such risks. See Note 23 to the BBVA´s the Consolidated Financial Statements for additional information on the Group's legal, regulatory and arbitration proceedings.

RISK FACTORS

The Group's ability to maintain its competitive position depends significantly on its international operations, which expose the Group to foreign exchange, political and other risks in the countries in which it operates, which could cause an adverse effect on its business, financial condition and results of operations.

The Group operates commercial banks and insurance and other financial services companies in various countries and its overall success as a global business depends upon its ability to succeed in differing economic, social and political conditions. The Group is particularly sensitive to developments in Mexico, the United States, Turkey and Argentina, which represented 13.26 per cent., 11.53 per cent., 11.87 per cent. and 1.03 per cent. of the Group's assets as at 31st December, 2015, respectively.

The Group is confronted with different legal and regulatory requirements in many of the jurisdictions in which it operates. See "*–Legal, Regulatory and Compliance Risks—Local regulation may have a material effect on BBVA's business, financial condition, results of operations and cash flows.*". These include, but are not limited to, different tax regimes and laws relating to the repatriation of funds or nationalisation or expropriation of assets. The Group's international operations may also expose it to risks and challenges which its local competitors may not be required to face, such as exchange rate risk, difficulty in managing a local entity from abroad, and political risk which may be particular to foreign investors, or the distribution of dividends.

In addition, the Group is more exposed to emerging economies than most of its European competitors. The Group's presence in locations such as the Latin American markets or Turkey requires it to respond to rapid changes in market conditions in these countries and exposes the Group to increased risks relating to emerging markets. See "*–Macroeconomic Risks—The Group may be materially adversely affected by developments in the emerging markets where it operates.*". There can be no assurance that the Group will succeed in developing and implementing policies and strategies that are effective in each country in which it operates or that any of the foregoing factors will not have a material adverse effect on its business, financial condition and results of operations.

BBVA is party to a shareholders' agreement with Doğuş Holding A. Ş., among other shareholders, in connection with Garanti which may affect BBVA's ability to achieve the expected benefits from its interest in Garanti.

On 1st November, 2010, BBVA entered into a shareholders' agreement with Doğuş Holding A.Ş., Doğuş Nakliyat ve Ticaret A.Ş. and Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş. (the "**Doğuş Group**"), in connection with the acquisition of its initial interest in Garanti (the "**original SHA**"). On 19th November, 2014, BBVA and the Doğuş Group entered into an agreement that amends and restates the original SHA and which came into force upon completion of BBVA's acquisition of an additional 14.89 per cent. interest in Garanti (the "**amended and restated SHA**").

The amended and restated SHA allows BBVA to appoint the Chairman of Garanti's board of directors, the majority of its members and Garanti's CEO, but provides that certain reserved matters must be implemented or approved (either at a meeting of the shareholders or of the board of directors) only with the consent of each party. For example, for so long as the Doğuş Group owns shares representing over 9.95 per cent. of the share capital of Garanti, the disposal or discontinuance of, or material changes to, any line of business or business entity within the Garanti group that has a value in excess of 25 per cent. of the Garanti group's total net assets in one financial year, will require the Doğuş Group's consent.

If BBVA and the Doğuş Group are unable to agree on such reserved matters Garanti's business, financial condition and results of operations may be adversely affected and BBVA may fail to achieve the expected benefits from its interest in Garanti. In addition, due to BBVA's and Garanti's association with the Doğuş Group, which is one of the largest Turkish conglomerates with business interests in the financial services, construction, tourism and automotive sectors, any financial reversal, negative publicity or other adverse circumstance relating to the Doğuş Group could adversely affect Garanti or BBVA.

Financial and Risk Reporting

Weaknesses or failures in the Group's internal processes, systems and security could materially adversely affect its results of operations, financial condition or prospects, and could result in reputational damage

Operational risks, through inadequate or failed internal processes, systems (including financial reporting and risk monitoring processes) or security, or from people-related or external events, including the risk of fraud and other criminal acts carried

out against Group companies, are present in the Group's businesses. These businesses are dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness in these internal processes, systems or security could have an adverse effect on the Group's results, the reporting of such results, and on the ability to deliver appropriate customer outcomes during the affected period. In addition, any breach in security of the Group's systems could disrupt its business, result in the disclosure of confidential information and create significant financial and legal exposure for the Group. Although the Group devotes significant resources to maintain and regularly update its processes and systems that are designed to protect the security of its systems, software, networks and other technology assets, there is no assurance that all of its security measures will provide absolute security. Any damage to the Group's reputation (including to customer confidence) arising from actual or perceived inadequacies, weaknesses or failures in its systems, processes or security could have a material adverse effect on its business, financial condition and results of operations.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that BBVA Global Markets or BBVA will be unable to comply with its obligations as a company with securities admitted to the Official List.

The financial industry is increasingly dependent on information technology systems, which may fail, may not be adequate for the tasks at hand or may no longer be available

Banks and their activities are increasingly dependent on highly sophisticated information technology ("**IT**") systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centres. IT systems need regular upgrading and banks, including BBVA, may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect financial industry operations from cyber-attacks could result in the loss or compromise of customer data or other sensitive information. These threats are increasingly sophisticated and there can be no assurance that banks will be able to prevent all breaches and other attacks on its IT systems. In addition to costs that may be incurred as a result of any failure of IT systems, banks, including BBVA, could face fines from bank regulators if they fail to comply with applicable banking or reporting regulations.

BBVA's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position

The preparation of financial statements in accordance with IASB-IFRS requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include credit impairment charges for amortised cost assets, impairment and valuation of available-for-sale investments, calculation of income and deferred tax, fair value of financial instruments, valuation of goodwill and intangible assets, valuation of provisions and accounting for pensions and post-retirement benefits. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in significant loss to the Group, beyond that anticipated or provided for, which could have an adverse effect on the Group's business, financial condition and results of operations.

Observable market prices are not available for many of the financial assets and liabilities that the Group holds at fair value and a variety of techniques to estimate the fair value are used. Should the valuation of such financial assets or liabilities become observable, for example as a result of sales or trading in comparable assets or liabilities by third parties, this could result in a materially different valuation to the current carrying value in the Group's financial statements.

The further development of standards and interpretations under IASB-IFRS could also significantly affect the financial results, condition and prospects of the Group.

3. Risks Relating to the Notes generally

Notes are unsecured obligations of the Issuer and the Guarantor

The Notes issued by the Issuer are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank pari passu among themselves. Each issue of Notes will be guaranteed by the Guarantor pursuant to the Guarantee.

RISK FACTORS

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank and will rank pari passu among themselves, subject as may from time to time be mandatory under Spanish law.

The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes

The BRRD (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an institution) so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRM or, as the case may be and according to Law 11/2015, the Bank of Spain or the Spanish Securities Market Commission or any other entity with the authority to exercise any such tools and powers from time to time (each, a Relevant Spanish Resolution Authority) as appropriate, considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest. The four resolution tools are: (i) sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – by which the Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power (as defined below). This includes the ability of the Relevant Spanish Resolution Authority to write down and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims, including the Guarantee.

The Spanish Bail-in Power is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) RD 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

The powers set out in the BRRD as implemented through Law 11/2015 and RD 1012/2015 will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Law 11/2015 provides that the Spanish Bail-in Power shall be applied from 1st January, 2016. From this date, the Guarantee may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may result in, among other things, a write-down and/or conversion into equity or other securities or obligations of amounts due under such Notes. The exercise of any such powers may result in such Noteholders losing some or all of their investment or otherwise having their rights under such Notes adversely affected in the Noteholders receiving a different security (by their conversion into ordinary shares or other instruments of ownership or having the terms of the Notes varied (e.g. variation of maturity of the Notes), which may be worth significantly less than the Notes. Moreover, the exercise of the Spanish Bail-in Power with respect to the Notes or the taking by an authority of any other action, or any suggestion that the exercise or taking of any such

action may happen, could materially adversely affect the rights of Noteholders, the market price or value or trading behaviour of any Notes and/or the ability of BBVA to satisfy their respective obligations under the Guarantee.

Furthermore, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of BBVA Global Markets and/or BBVA's control. In addition, as the Relevant Spanish Resolution Authority will retain an element of discretion, holders of the Notes may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any Spanish Bail-in Power by the Relevant Spanish Resolution Authority may occur.

This uncertainty may adversely affect the value of the Notes. The price and trading behaviour of the Notes may be affected by the threat of a possible exercise by the Relevant Spanish Resolution Authority of the Spanish Bail-in Power even if the likelihood of such exercise is remote. Moreover, the Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power without providing any advance notice to the holders of the Notes.

In addition, the European Banking Authority's preparation of certain regulatory technical standards and implementing technical standards to be adopted by the European Commission and certain other guidelines is pending. These acts could be potentially relevant to determining when or how a Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power. The pending acts include guidelines on the treatment of shareholders in bail-in or the write-down and conversion of capital instruments, and on the rate of conversion of debt to equity or other securities or obligations in any bail-in. No assurance can be given that, once adopted, these standards will not be detrimental to the rights of a Noteholder under, and the value of a Noteholder's investment in, the Notes.

Any enforcement by a Noteholder of its rights under the Notes following the adoption of any early intervention or resolution procedure will, therefore, be subject to the relevant provisions of the BRRD and Law 11/2015 in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to above. Any claims of a Noteholder will consequently be limited by the application of any measures pursuant to the provisions of Law 11/2015. There can be no assurance that the taking of any such action would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of BBVA Global Markets and/or BBVA to satisfy their obligations under the Notes and, in the case of BBVA only, the Guarantee and the enforcement by a holder of any rights it may otherwise have may be limited in these circumstances.

Claims of Holders under the Notes are effectively junior to those of certain other creditors

The Notes and the Guarantee in respect of Notes issued by the Issuer are unsecured and unsubordinated obligations of the Issuers and the Guarantor, respectively. The Notes and the Guarantee will rank equally with any of the Issuer's and BBVA's other outstanding unsecured and unsubordinated obligations, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015, RD 1012/2015 or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain and (b) in the event of insolvency, only to the extent permitted by the Insolvency Law or other laws relating to or affecting the enforcement of creditor's rights in Spain. In particular the obligations of the Issuer and the Guarantor under the Notes and the Guarantee, respectively, will be effectively subordinated to all of the relevant Issuer's and, the Guarantor's obligations that are preferred under the Insolvency Law. The Guarantee is also structurally subordinated to all obligations of subsidiaries of the Guarantor insofar as any right of the Guarantor to receive any assets of such companies upon their winding up will be effectively subordinated to the claims of the creditors of those companies in the winding up.

The Notes and the Guarantee, will further be effectively subordinated to all of the secured indebtedness of the relevant Issuer and the Guarantor, respectively, to the extent of the value of the assets securing such indebtedness, and other obligations that rank senior under Spanish law. The BRRD and Law 11/2015 contemplate that Notes and, in the case of Notes issued by BSF, the Guarantee, may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. This may involve the variation of the terms of the Notes or a change in their form, if necessary, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

Notes may be redeemed prior to their scheduled maturity

In the event that the Issuer would be required to pay additional amounts in respect of any Notes due to any withholding as provided in General Condition 7 of the "Terms and Conditions of the Notes" or the performance of the Issuer's obligations under the Notes or any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or

otherwise prohibited in whole or in part, the Issuer may redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

In the event that one or more Events of Default (as defined in General Condition 9 of the "Terms and Conditions of the Notes") occurs, the Notes may become immediately due and repayable at their Early Redemption Amount. In addition, in the case of an Index Linked Note, Equity Linked Note or Fund Linked Note, if "Automatic Early Redemption Event" is specified as being applicable in the Final Terms, on the occurrence of an Automatic Early Redemption Event the Notes will be automatically redeemed at their Automatic Early Redemption Amount. In the case of an Index Linked Note, Equity Linked Note or Inflation Linked Note, if an Additional Disruption Event occurs and "Delayed Redemption on the Occurrence of Additional Disruption Event" is not specified in the Final Terms, the Issuer may redeem the Notes early.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for Notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, the Noteholder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes

The Conditions of the Notes contain provisions which may permit their modification without the consent of all investors

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

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature of Notes 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.

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

The Issuer of the Notes may be substituted without the consent of the Noteholders

The Issuer of the Notes may be replaced as obligor under such Notes with the Guarantor or any company from BBVA's group. Whilst the new issuer will provide an indemnity in favour of the Noteholders in relation to any additional tax or duties that become payable solely as a result of such substitution, Noteholders will not have the right to object to such substitution. See General Condition 16 of the "Terms and Conditions of the Notes".

The Guarantor of the Notes may be substituted without the consent of the Noteholders

The Guarantor of the Notes may be replaced as guarantor under such Notes with another company incorporated anywhere in the world. Whilst the new guarantor will provide an indemnity in favour of the Noteholders in relation to any additional tax or duties that become payable solely as a result of such substitution. Noteholders will not have the right to object to such substitution. See General Condition 16 of the "Terms and Conditions of the Notes".

The Issue Price of the Notes may be more than the market value of such Notes as at the Issue Date and the price of the Notes in the secondary market

The Issue Price in respect of any Notes specified in the relevant Final Terms may be more than the market value of such Notes as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Notes in the secondary market. In particular, the Issue Price in respect of any Notes may take into account amounts with respect to commissions relating to the issue, placement and sale of such Notes and amounts relating to the hedging of the Issuer's obligations under such Notes.

Any such difference may have an adverse effect on the value of the Notes, particularly immediately following the Issue Date relating to such Notes, where any such commissions may be deducted from the price at which such Notes can be sold by the initial investor in the secondary market.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

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, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provision that apply in certain circumstatnces whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Change in law

The Conditions (except for General Condition 3(b) of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Spanish and English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Eurosystem eligibility

There may be an intention (which, if applicable, will be specified in the Final Terms) for certain Notes to be held in a manner which will allow Eurosystem eligibility. This simply means that such Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

U.S. Foreign Account Tax Compliance Act Withholding

Whilst the Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the Clearing Systems (see "Taxation - ***Foreign Account Tax Compliance Act***"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for the Clearing Systems (as bearer or registered holder of the Notes, as the case may be) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and

custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

Hiring Incentives to Restore Employment Act withholding may affect payments on the Notes

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the Code, which imposes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met, beginning 1 January 2017. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

Spanish Tax Rules

RD 1145/2011 modified, among other provisions, article 44 of Royal Decree 1065/2007, of July 27 ("**RD 1065/2007**") which sets out the reporting obligations applicable to preference shares and debt instruments issued under additional provision one of Law 10/2014, of June 26 ("**Law 10/2014**"). The new procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

Notes originally registered with the entities that manage clearing systems located in Spain.

According to the wording of article 44.4 of RD 1065/2007, income derived from securities originally registered with a clearing system located in Spain, will be paid free of Spanish withholding tax in respect to non-Spanish-resident holders (acting or not through a permanent establishment in the Kingdom of Spain) or to legal entities that are resident in the Kingdom of Spain for tax purposes and are subject to Corporate Income Tax, provided that the entities which hold values registered on its third parties accounts or, if applicable, the entities that manage clearing systems located outside Spain which have entered into an agreement with such clearing system located in Spain, submit a statement to the Issuer in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" under "Taxation" section of this Base Prospectus) with the following information:

(i) identification of the securities;

(ii) total amount of income;

(iii) amount of income received by individual with tax residency in Spain which are subject to Personal Income Tax; and

(iv) amount of income received that will be paid free of Spanish withholding tax.

Notes originally registered with the entities that manage clearing systems located outside Spain.

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of article 44.5 of RD 1065/2007, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another OECD country (such as Euroclear or Clearstream), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the relevant Issuer submits a statement to the issuer, in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" under "Taxation" section of this Base Prospectus) relevant Issuer, the form of which is included in the Agency Agreement, with the following information:

(i) identification of the securities; and

(ii) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house. For these purposes, "income means interest and the difference, if any, between the aggregate amount payable on the redemption of the Notes and the issue price of the Notes.

In accordance with Article 44 of RD 1065/2007 as amended by RD 1145/2011, the relevant Paying Agent should provide the relevant Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity(ies) obliged to provide the declaration fail to do so, the relevant Issuer or the Paying Agent on its behalf will make a withholding at the general rate (19% from 1st of January 2016) on the total amount of the return on the relevant Notes otherwise payable to such entity.

According to Article 44.5 RD 1065/2007, the Issuers and the Guarantor are not obliged to withhold any taxes provided that the simplified information procedures (which do not require identification of the Noteholders) are complied with by the Paying Agent. However, the Spanish Tax Authorities may eventually issue a tax ruling to clarify the interpretation of the currently applicable procedures and it cannot be completely discarded that such ruling determines that the relevant Issuer, or, as the case may be, the Guarantor, that is tax resident in Spain, should apply a withholding on payments to individuals with tax residence in Spain. If this were the case, identification of Noteholders may be required and the procedures, if any, for the collection of relevant information will be applied by the relevant Issuer or the Guarantor (to the extent required) so that it can comply with its obligations under the applicable legislation as clarified by the Spanish Tax Authorities.

As at the date of this Base Prospectus, the Guarantor has entered into an agreement with a Tax Certification Agent in order to establish a procedure for the disclosure of information regarding Noteholders who are resident in Spain for tax purposes. Such information will be provided, if necessary, to the Spanish Tax Authorities by the Guarantor.

General

The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations is a summary only and is subject to further clarification from the Spanish tax authorities regarding such laws and regulations. None of the Issuers, the Guarantor or the Dealers, assumes any responsibility therefore.

Meetings of Noteholders, modification and waiver

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

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), EU Member States are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State.

However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the EU adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

RISK FACTORS

4. Risk relating to the structure of particular Notes.

There are particular risks associated with an investment in certain types of Notes, such as Index Linked Notes and may lose some or all of the principal amount invested by it.

Investors may lose the original invested amount

Investors may lose up to the entire value of their investment in the Notes, or part of it, as the case may be, as a result of the occurrence of any one or more of the following events:

(a) the Issuer and the Guarantor of the Notes are subject to insolvency proceedings or some other event impairing the ability of each to meet its obligations under the Notes;

(b) the terms of the relevant Notes do not provide for full repayment of the initial purchase price upon final maturity and/or mandatory early redemption of such Notes and the relevant Reference Item(s) perform in such a manner that the final redemption amount and/or mandatory early redemption amount is less than the initial purchase price;

(c) the purchaser seeks to sell the relevant Notes prior to their scheduled maturity, and the sale price of the Notes in the secondary market is less than the purchaser's initial investment; and

(d) the Notes are subject to certain adjustments in accordance with the terms and conditions of such Notes that may result in the scheduled amount to be paid or asset(s) to be delivered upon redemption being reduced to or being valued at an amount less than a purchaser's initial investment.

Notwithstanding that the relevant Notes may be linked to the performance of one or more Reference Items, investors in such Notes do not have and shall not receive any rights in respect of any Reference Item and shall have no right to call for any Reference Item to be delivered to them (unless otherwise provided in the Final Terms). Neither the relevant Issuer nor the Guarantor of the Notes shall be required to hold any Reference Item.

The relevant market value of the Notes at any time is dependent on other matters in addition to the credit risk of the Issuer and Guarantor and the performance of the relevant Reference Item(s)

The market value of the Notes at any time will be affected by a number of factors independent of the creditworthiness of the Issuer and the Guarantor (if any) and the performance of the relevant Reference Item(s), including:

(a) market interest and yield rates;

(b) the time remaining to any Redemption Date or the Maturity Date;

(c) where the Reference Item(s) is/are equity securities, the dividend rate on Reference Item(s) and the financial results and prospects of the issuer of each Reference Item; and

(d) numerous other economic, political and other factors.

The amount payable and/or deliverable in respect of Notes at any time prior to redemption is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and such amount will reflect, among other things, a "time value" for the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to final redemption and expectations concerning the value of the relevant Reference Item(s).

Market Disruption Events or Failure to Open of an Exchange

If an issue of Reference Item Linked Notes includes provisions dealing with the occurrence of a Market Disruption Event or failure to open of an exchange on the Strike Date, a Valuation Date, Observation Date or an Averaging Date and the Calculation Agent determines that a Market Disruption Event or failure to open of an exchange has occurred or exists on such date, any consequential postponement of the Strike Date, Valuation Date, Observation Date or Averaging Date or any alternative provisions for valuation provided in any such Notes may have an adverse effect on the value and liquidity of such Notes. The timing of such dates (as scheduled or as so postponed or adjusted) may affect the value of the relevant Notes such that the Noteholder may receive a lower cash redemption amount and/or interest amount or other payment under the relevant Notes than otherwise would have been the case. The occurrence of such a Market Disruption Event or failure to open of an exchange in relation to any Reference Item comprising a basket may also have such an adverse effect on Notes related to such basket. In addition, any such consequential postponement may result in the postponement of the date of redemption of the Notes.

RISK FACTORS

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as set out in the relevant Final Terms) 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 Noteholder 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 (i) may not be able to transfer such Notes and (ii) may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and in each case would need to purchase a nominal amount of Notes such that its holding amounts to an integral multiple of the minimum Specified Denomination.

If definitive Notes are issued, Noteholders 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.

Physical Delivery Notes

In the case of Notes which are redeemable by delivery of assets (other than Credit Linked Notes), if a Settlement Disruption Event occurs or exists on the due date for redemption of the Notes, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances also has the right to pay the Disruption Cash Redemption Amount in lieu of delivering the Entitlement (as defined in the Terms and Conditions).

If a Failure to Deliver due to Illiquidity occurs, the relevant Issuer has the right, in lieu of delivery of the assets affected by such event, to pay the Failure to Deliver Redemption Amount to the Noteholders. The Disruption Cash Redemption Amount and/or the Failure to Deliver Redemption Amount may be less than the fair market value of the Entitlement.

Noteholders may be required to pay certain expenses in relation to Notes subject to Physical Delivery

Holders of Notes subject to Physical Delivery must pay all Expenses relating to delivery of such Notes. As defined in the terms and conditions, "Expenses" includes all costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Entitlement.

There are certain requirements to be fulfilled and payments to be made by the Holder in order to receive Notes subject to Physical Delivery and the Issuer may decide to settle by way of cash payment instead in certain circumstances

In order to receive the Entitlement in respect of a Note settled by way of Physical Delivery, the holder of such Note must deliver or send to the relevant Clearing System or Principal Paying Agent (as applicable) a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-off Date and pay the relevant Expenses. If a Noteholder fails to deliver as required the certification of non-US beneficial ownership or certification that it is an eligible investor for US securities law purposes, the Issuer may deliver what the Calculation Agent determines to be the fair market value of the Entitlement instead of the relevant assets.

Certain considerations relating to public offers of the Notes

If the Notes are distributed by means of a public offer, under certain circumstances indicated in the Final Terms, the Issuer and/or the other entities indicated in the Final Terms will have the right to withdraw or revoke the offer and the offer will be deemed to be null and void according to the terms indicated in the Final Terms.

The Issuer and/or the other entities specified in the Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the Final Terms. Any such termination may occur even where the maximum amount for subscription in relation to that offer (as specified in the Final Terms), has not been reached. In such circumstances, the early closing of the offer may have an impact on the aggregate number of Notes issued and, therefore, may have an adverse effect on the liquidity of the Notes.

Some information regarding the Notes (e.g. interest rate, settlement date), the offer and/or the listing may be determined after the publication of the Final Terms and will be made public in accordance with the procedures set out in the Final Terms.

If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Notes 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 Notes Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Notes 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 Notes 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 or the ability of the Issuer or Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Risk of leveraged exposure

Leverage involves the use of a number of financial techniques to increase the exposure to a Reference Item, and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the Reference Item moves in the anticipated direction, it will conversely magnify losses when the Reference Item moves against expectations. If the relevant Notes include leverage, potential holders of such Notes should note that these Notes will involve a higher level of risk, and that whenever there are losses such losses will be higher (other things being equal) than those of a similar Note which is not leveraged. Investors should therefore only invest in leveraged Notes if they fully understand the effect of leverage.

Conducting hedging transactions

The Issuer may use all or some of the proceeds received from the sale of Notes to enter into hedging transactions. All or part of these hedging transactions may be entered into by the Issuer with the Guarantor. The Issuer believes that such hedging activity will under normal circumstances not have a material impact on the value of the relevant Notes. However, it cannot be assured that the Issuer's hedging activities will not affect such value. The value of Notes might in particular be affected by the liquidation of all or a portion of the relevant hedging positions (a) at or about the time of the maturity or expiration of such Notes or (b), if such Notes provide for a knock-out, knock-in or a similar feature, at the time when the price or value of the relevant underlying approaches the relevant price or level for the knock-out, knock-in or other feature.

5. Generic Risk Factors that are associated with Notes that are linked to Reference Item(s)

Risks relating to Reference Item Linked Notes

Reference Item Linked Notes are securities which do not provide for predetermined redemption amounts and/or interest payments, but amounts payable (whether in respect of principal and/or interest) or deliverable will be dependent upon the performance of the Reference Item, or a combination of Reference Items, which themselves may contain substantial credit, interest rate, foreign exchange, correlation, time value, political and/or other risks.

An investment in Reference Item Linked Notes therefore entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. These risks include, among other things, the possibility that:

(a) the Reference Item may be subject to significant changes, whether due to the composition of any such Reference Item itself, or because of fluctuations in value of the Reference Item;

(b) the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time or they may receive no interest;

(c) the holder of a Reference Item Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on such Note;

(d) any Note that is linked to more than one type of Reference Item, or on a formula that encompass the risks associated with more than one type of Reference Item, may carry levels of risk that are greater than those for Notes that are indexed to one type of Reference Item only;

(e) it may not be possible for investors to hedge their exposure to these various risks relating to Reference Item Linked Notes; and

(f) a significant market disruption could mean that any Reference Item ceases to exist.

The risks reflect the nature of such a Note as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires or is redeemed. The risk of the loss of some or all of the purchase price of a Reference Item Linked Note upon redemption means that, in order to recover and realise a return upon his or her investment, a purchaser of such Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item.

It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Reference Item

Potential investors intending to purchase Notes to hedge against the market risk associated with investing in a Reference Item should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly match the value of the Reference Item. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will match movements in the value of the Reference Item. For these reasons, among others, it may not be possible to purchase or liquidate Notes in a portfolio at the prices used to calculate the value of any Reference Item.

There may be regulatory consequences for a Holder of Reference Item Linked Notes

There may be regulatory and other consequences associated with the ownership by certain investors of certain Reference Item Linked Notes. Each purchaser of Notes must conduct its own investigation into its regulatory position with respect to the potential purchase of Notes, and none of the Issuer, the Guarantor, the Dealer or the Arranger assumes any obligation or liability whatsoever to such purchaser in such regard.

There are specific risks with regard to Notes linked to a combination of Reference Items

An investment in Notes that are linked to a combination of Reference Items will entail significant risks not associated with an investment in a conventional debt security. A combination of the risks associated to the Reference Items may be significantly higher than the risks of each Reference Item considered on its own. On redemption of these type of Notes, the Noteholders will receive an amount (if any) or Entitlement (if any) determined by reference to the value of a combination of a number of different Reference Items. These Notes may pay interest calculated by reference to the value of the combination of a number of Reference Items.

No rights of ownership in the Reference Item(s)

Investors in Notes should be aware that the Issuer is under no obligation to hold a position in any Reference Item(s) and should note that the relevant Reference Item(s) that may be held by the Issuer will not be held by the Issuer for the benefit of the investors in such Notes and, as such, Noteholders will not obtain any rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Reference Item referenced by such Notes. For the avoidance of doubt, no BBVA affiliate is under any obligation whatsoever to acquire and/or hold any Reference Item.

The past performance of a Reference Item is not indicative of future performance

Any information about the past performance of the Reference Item at the time of the issuance of the Notes should not be regarded as indicative of the range of, or trends in, fluctuations in the Reference Item that may occur in the future.

6. Risk Factors associated with Notes that are linked to one or more specific types of Reference Items

RISK FACTORS

There are certain factors which are material for the purpose of assessing the risks associated with an investment in Notes issued under the Programme. Such factors will vary depending on the type of Notes issued, in particular in relation to Notes in respect of which the interest and/or redemption amount is linked to the value of one or more index, share, inflation index, unit, interest or share in a fund, the credit of one or more reference entity, , foreign exchange rate or the combination of any of the foregoing or such other underlying or basis of reference.

Risks relating to Index Linked Notes

The Issuer may issue Notes where the Final Redemption Amount or the amount of principal and/or interest payable is dependent upon the level of an index or indices (**Index Linked Notes**).

Potential investors in any such Notes should be aware that depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment if the value of the index/indices does not move in the anticipated direction. In addition, the movements in the level of the index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the Final Redemption Amount or the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded. The index may reference equities, bonds or other securities, or it may be a property index referencing certain property price data which will be subject to market price fluctuations. A property index may include valuations only and not actual transactions and the property data sources used to compile the index may be subject to change, which may adversely affect the return on the Notes.

Adjustment to indices for Index Linked Notes

If an index adjustment event (as described in "*Additional Terms and Conditions for Index Linked Notes*") occurs the Issuer may require the Calculation Agent to make such adjustments as it determines appropriate to the terms of the Notes or redeem the Notes. Such action may have an adverse effect on the value and liquidity of the affected Reference Item Linked Notes.

Returns on the Notes do not reflect direct investment in underlying shares or other assets comprising the index

The return payable on Notes that reference indices may not reflect the return a purchaser would realise if the Noteholder actually owned the relevant assets comprising the components of the index. For example, if the components of the indices are shares, Noteholders will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the relevant index takes such dividends into account for purposes of calculating the relevant level. Similarly, Noteholders will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant index. Accordingly, investors in Notes that reference indices as Reference Items may receive a lower payment upon redemption of such Notes than such purchaser would have received if the Noteholder had invested in the components of the index directly.

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

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

RISK FACTORS

Risks relating to Equity Linked Notes

The Issuer may issue Equity Linked Notes where the Final Redemption Amount or the amount of interest payable are dependent upon the price of or changes in the price of shares or a basket of shares or, depending on the price of or change in the price of shares or the basket of shares, where the Issuer's obligation on redemption is to deliver a specified number of shares (**Equity Linked Notes**). Accordingly an investment in Equity Linked Notes may bear similar market risks to a direct equity investment and potential investors should take advice accordingly. An investment in Equity Linked Notes will entail significant risks not associated with a conventional debt security.

Potential investors in any such Notes should be aware that depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified shares may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment if the value of the share(s) does not move in the anticipated direction. In addition, the movements in the price of the share or basket of shares may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share or shares may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the share or shares, the greater the effect on yield.

If the Final Redemption Amount or the amount of interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption date, the volatility of the share or shares, the dividend rate (if any) and the financial results and prospects of the issuer of the relevant share or shares as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such shares may be traded.

A holder of the Equity Linked Notes will not be a beneficial owner of the underlying equity securities and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities, nor will a Noteholder be entitled to purchase the underlying equity securities by virtue of their ownership of the Notes. Moreover, holders of the Notes will not be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. Unless otherwise specified in the applicable Final Terms, the Interest Amount and/or Final Redemption Amount will not reflect the payment of any dividends on the underlying equity securities. Accordingly, the return on the Notes will not reflect the return an investor would realise if it actually owned the underlying equity securities and received dividends, if any, paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the Final Redemption Amount will not be the same yield as would be produced if the underlying equity securities were purchased directly and held for a similar period.

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

Upon determining that a Potential Adjustment Event, Extraordinary Event or Additional Disruption Event has occurred in relation to an underlying share or the issuer of such underlying share, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes (including to substitute the affected Share) and/or (ii) (in the case of an Extraordinary Event or an Additional Disruption Event) cause early redemption of the Notes or cancel the Notes, linkage to the relevant equity(ies), any of which determinations may have an adverse effect on the value of the Notes.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the shares, (b) an extraordinary dividend, (c) a call of the shares that are not fully paid, (d) a repurchase by the issuer, or an affiliate thereof, of the shares, (e) a separation of rights from the shares or (f) any event having a dilutive or concentrative effect on the value of the shares. Extraordinary Events include (a) a delisting of the shares on an exchange, (b) an insolvency (where all the shares of the issuer of the underlying shares are transferred to a trustee, liquidator or similar official or may not be legally transferred) or bankruptcy of the issuer of the shares, (c) a merger event entailing the consolidation of the shares with those of another entity, (d) a nationalisation of the issuer of the shares or transfer of the shares to a governmental entity, or (e) a tender offer or takeover offer that results in transfer of the shares to another entity. Additional Disruption Events include (a) a change in

applicable law since the Issue Date that makes it illegal to hold, acquire or dispose of the shares or more expensive for the Issuer to hedge its obligations under the relevant Notes or (b) if specified to be applicable in the relevant Final Terms, (i) an insolvency filing by or on behalf of the issuer of the underlying shares or (ii) Hedging Disruption.

Holders may receive physical delivery of Shares in lieu of payment of cash amounts

Where the Notes include the right of the Issuer, subject to the fulfilment of a particular condition, to redeem the Notes at their maturity by delivering Shares to the purchaser of such Notes, the investors will receive such Shares rather than a monetary amount upon maturity. Holders will, therefore, be exposed to the issuer of such Shares and the risks associated with such Shares. The purchaser should not assume that the Noteholder will be able to sell such Shares for a specific price after the redemption of the Notes, and in particular not for the purchase price of the Notes. Under certain circumstances the Shares may only have a very low value or may, in fact, be worthless, in which case see risk factor "Investor may lose the original invested amount"above. Holders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Shares.

Risks relating to Inflation Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon the level of an inflation index or indices (**Inflation Linked Notes**).

Potential investors in any such Notes should be aware that depending on the terms of the Inflation Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the inflation index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the inflation index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an inflation index or result of a formula, the greater the effect on yield.

In certain circumstances following cessation of publication of the inflation index, the Calculation Agent may determine that there is no appropriate alternative inflation index, in which case the Issuer may redeem the Notes. Such action may have an effect on the value of the Notes.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the inflation index or the indices on principal or interest payable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the inflation index or indices. The level of the inflation index or indices may be affected by the economic, financial and political events in one or more jurisdictions or regions.

Risks relating to Fund Linked Notes

The Issuer may issue Notes where the Final Redemption Amount or the amount of principal and/or interest payable are dependent upon the price or changes in the price of units, shares or interests in a fund or funds (including exchange traded fund(s)) or where, depending on the price or changes in the price of units, shares or interests in such fund or funds, on redemption the Issuer's obligation is to deliver a specified amount of Fund Shares (**Fund Linked Notes**). Accordingly, an investment in Fund Linked Notes may bear similar market risks to a direct fund investment and potential investors should take advice accordingly. An investment in Fund Linked Notes will entail significant risks not associated with a conventional debt security. Prospective investors in any such Notes should be aware that depending on the terms of the Fund Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified Fund Shares may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment if the value of the fund share(s) or unit(s) does not move in the anticipated direction. In addition, the movements in the price of units, shares or interests in the fund or funds may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the units or shares in the fund or funds may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the units, shares or interests in the fund or funds, the greater the effect on yield.

Prospective investors should also be aware that in the event of the occurrence of one or more Extraordinary Fund Events the Issuer may substitute the relevant Fund Shares with fund shares of a fund with similar characteristics or, if no such fund is selected, with a replacement index, or redeem the Notes depending on whether such Extraordinary Fund Event is a Substitution Event or a Termination Event.

In the event that redemption proceeds in respect of the underlying Fund Shares are not received by the hedge provider on or prior to the scheduled redemption date or termination date, such date may be postponed for a period of up to two calendar years (or such other period as may be specified in the applicable Final Terms) and no additional amount shall be payable as a result of such delay.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the units or shares of the fund or funds on principal or interest payable will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date or settlement date (as applicable) and the volatility of the price of unit(s), fund shares or interests in the fund or funds. The price of units, fund shares or interests in a fund may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units, shares or interests in the fund or funds may be traded.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by any relevant fund before purchasing any Notes. None of the Issuer, any Affiliate of the Issuer or the Calculation Agent make any representation as to the creditworthiness of or advisability of an investment in relation to any relevant fund or any such fund's administrative, custodian, investment manager or adviser.

Where the Issuer issues Fund Linked Notes linked to one or more funds, including hedge funds, the relevant Notes reflect the performance of such fund(s).

Funds may trade and invest in a broad range of investments such as debt and equity securities, commodities or commodity indices and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Funds may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. The trading strategies of funds are often opaque. Funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

Holders may receive physical delivery of Shares in lieu of payment of cash amounts

Where the Notes include the right of the Issuer, subject to the fulfilment of a particular condition, to redeem the Notes at their maturity by delivering Fund Shares to the purchaser of such Notes, the investors will receive such Fund Shares rather than a monetary amount upon maturity. Holders will, therefore, be exposed to the issuer of such Shares and the risks associated with such Fund Shares. The purchaser should not assume that the Noteholder will be able to sell such Fund Shares for a specific price after the redemption of the Notes, and in particular not for the purchase price of the Notes. Under certain circumstances the Fund Shares may only have a very low value or may, in fact, be worthless, in which case see risk factor "Investor may lose the original invested amount" above. Holders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Fund Shares.

For all the above reasons, investing directly or indirectly in funds is generally considered to be risky. If the underlying fund does not perform sufficiently well, the value of the Notes will fall, and may in certain circumstances be zero.

Risks relating to Credit Linked Notes

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

Save where Maturity Credit Redemption applies the Credit Linked Notes may then be redeemed prior to their scheduled maturity. Where Maturity Credit Redemption applies (as specified in the applicable Final Terms) maturity of the Credit

Linked Notes may be delayed until scheduled maturity of the Credit Linked Notes, notwithstanding that this may occur a significant time following the occurrence of the relevant Credit Event and unless so elected in the applicable Final Terms no further interest will be payable in this period.

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

The market price of such Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the reference entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

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

The holders of Credit Linked Notes will be exposed to the credit of one or more Reference Entities, which exposure shall be, unless otherwise stated in the Final Terms, to the full extent of their investment in such Notes. Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls. See also risk factor *"Risk of Leveraged Exposure*" above.

Where cash settlement or auction settlement applies, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption of the Notes in a reduced nominal amount or at zero, and interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance.

Where physical settlement applies, the occurrence of a Credit Event may result in the redemption of the Notes by delivery of certain direct or indirect obligations of the affected Reference Entity, which obligations are likely to have a market value which is substantially less than their paramount. Where the Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which, for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans), are impossible or illegal to deliver on the specified settlement date, or (b) assets which the Issuer, the Guarantor and/or any affiliate has not received under the terms of any transaction entered into by the Issuer, the Guarantor and/or such affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. Prospective Investors should review the "*Terms and Conditions of the Notes*" and the Final Terms to ascertain whether and how such provisions should apply to the Notes.

Investors in the Notes are accordingly exposed, as to both principal and (if applicable) interest, to the credit risk of the Reference Entity. The maximum loss to an investor in the Notes is 100 per cent. of their initial principal investment, together with (if applicable) any accrued interest amounts.

A Credit Event may occur prior to the Trade Date

Holders of the Notes may suffer a loss of some or all principal amount of the Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their respective Affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Increased credit risk is associated with "First-to-Default" or "Nth-to-Default" Credit Linked Notes or Linear Basket Credit Linked Notes

Where the Notes are First-to-Default or Nth-to-Default Credit Linked Notes or Linear Basket Credit Linked Notes, the Notes may be subject to redemption in full as described above upon the occurrence of a Credit Event in relation to the first or the nth or each Reference Entity in respect of which a Credit Event occurs. The credit risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities, including for Zero/Set Recovery Notes.

Interest and principal repayments on the Notes may be calculated by reference to the Outstanding Nominal Amount of the Notes. As at the Issue Date the Outstanding Nominal Amount is an amount equal to the Aggregate Nominal Amount. If a Credit Event occurs in respect of a Reference Entity, then the Outstanding Nominal Amount may be reduced by an amount equal to a predefined portion of the Aggregate Nominal Amount which may be zero irrespective of the actual market recovery in respect of such Reference Entity. Therefore investors' exposure to each Reference Entity may exceed the exposure that they might incur in respect of having entered into a standard single name credit default swap as protection seller in respect of each Reference Entity and investors may lose the entire principal amount invested.

Amendment of Credit Linked Conditions in accordance with market convention

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

ISDA Credit Derivatives Definitions

Whilst there are many similarities between the terms used in this Base Prospectus (in particular, in the Additional Terms and Conditions for Credit Linked Notes and the terms used in the 2014 ISDA Definitions, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Base Prospectus and the applicable Final Terms and that the 2014 ISDA Definitions are incorporated not by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how either set of the ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit Linked Notes may not conform to future market standards. Such a result may have a negative impact on the Credit Linked Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders.

Risks relating to Auction Settlement of Credit Linked Notes

Where an Auction Final Price Determination Date occurs in respect of Credit Linked Notes, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

The Issuer and the Noteholders may have little or no influence in outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding

whether to take any such action (or whether to act as a participating bidder in any auction), neither the Issuer nor the Calculation Agent (or any of their Affiliates) shall be under any obligation to consider the interests of any Noteholder.

Risks relating to Foreign Exchange (FX) Rate Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated (Foreign Exchange (FX) Rate Notes). Accordingly an investment in Foreign Exchange (FX) Rate Notes may bear similar market risks to a direct foreign exchange investment and potential investors should take advice accordingly.

Potential investors in any such Notes should be aware that, depending on the terms of the Foreign Exchange (FX) Rate Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the Notes. The performance of foreign exchange rates are dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency.

If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

Payments of principal and interest or other obligations of the Issuer in respect of any Tranche of Notes may be restricted upon the occurrence of certain disruption events applicable to the Notes, if so specified in the Final Terms (the "**Currency Adjustment Notes**"). A relevant disruption event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, or any other circumstance as provided in the Final Terms. Following a relevant disruption event in respect of Currency Adjustment Notes, the Issuer shall be entitled to require the Calculation Agent to adjust the Notes or to redeem the Notes early or to postpone payments or deliveries in respect of the Notes so long as the relevant disruption event continues.

Notes which are issued at a substantial discount of premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) 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.

There are specific risks with regard to Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the "*Terms and Conditions of the Notes*" provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to

them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to issue Fixed Rate Notes may affect the market value and secondary market (if any) of the Floating Rate Notes (and *vice versa*).

7. Market Factors

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

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.

There may be price discrepancies with respect to the Notes as between various dealers or other investors in the secondary market

If at any time a third party dealer quotes a price to purchase Notes or otherwise values Notes, that price may be significantly different (higher or lower) from any price quoted by any affiliate of BBVA. Furthermore, if any Noteholder sells their Notes, the Noteholder will likely be charged a commission for secondary market transactions, or the price may reflect a dealer discount.

8. Potential Conflicts of Interest

The Issuer and/or the Guarantor are subject to various potential conflicts of interest in respect of the Notes, which could have an adverse effect on the Notes.

The Issuer, the Guarantor and its affiliates may take positions in or deal with Reference Item(s)

The Issuer, the Guarantor and its affiliates may:

(a) in the ordinary course of business, effect transactions for their own account or for the account of their customers and hold long or short positions in the Reference Item(s) or related derivatives;

(b) in connection with an offering of Notes, enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives; and/or

(c) in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions in the Reference Item(s) or related derivatives which may adversely (or positively) affect the price, liquidity or value of the relevant Notes and which could therefore be adverse to the interests of the relevant Noteholders.

The Calculation Agent, which will generally be the Guarantor or an affiliate of the Guarantor, has broad discretionary powers which may not take into account the interests of the Noteholders

As the Calculation Agent will generally be the Guarantor or an affiliate of the Guarantor, potential conflicts of interest may exist between the Calculation Agent and the Noteholders, including with respect to the exercise of the very broad discretionary powers of the Calculation Agent. For example, the Calculation Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to a Tranche of Notes have occurred and (ii) to determine any resulting adjustments and calculations or substitutions as described in such conditions. Potential investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the relevant Issuer and all Noteholders.

The Issuer and/or the Guarantor may have confidential information relating to the Reference Item and the Notes

The Issuer and/or the Guarantor or its affiliates may from time to time, by virtue of their status as underwriter, advisor or otherwise, possess or have access to information relating to the Notes, the Reference Item and any derivative Notes referencing them. Such affiliates will not be obliged to disclose any such information to a purchaser of the Notes.

Potential conflicts of interest relating to distributors or other entities involved in the offer or listing of the Notes

Potential conflicts of interest may arise in connection with the Notes, as any distributors or other entities involved in the offer and/or the listing of the Notes as indicated in the Final Terms, may act pursuant to a mandate from the Issuer and/or the Guarantor and may receive commissions and/or fees on the basis of the services performed in relation to such offer and/or listing.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CNMV, shall be incorporated in, and form part of, this Base Prospectus:

(a) The audited consolidated and individual annual financial statements of the Guarantor for the financial years ended December 31, 2015 December 31, 2014 in Spanish prepared in accordance with the International Financial Reporting Standards previously adopted by the European Union (EU-IFRS) filed with the Spanish Securities Market Commission (the CNMV). These financial statements, together with their English translations http://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/ConsolidatedReport2015_tcm927-569026.pdf and http://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/5ConsolidatedAnnualAccounts2014_tcm927-498904.pdf), are available on the Guarantor´s website www.bbva.com and on the website of the CNMV www.cnmv.es.

(b) The audited annual financial statements of BBVA Global Markets, B.V., for the financial years ended December 31, 2014 (http://www.ise.ie/debt_documents/Annual%20Financial%20Statement_f3d01d0c-6628-407c-a7b0-aefb660cc41a.pdf?v=1912016) and December 31, 2013 (http://www.ise.ie/debt_documents/BBVA%20Global%20Markets%20B%20V%20%20-%20%20Annual%20Accounts%202013_Exe_89153e73-1901-40c7-9e81-c7051fcffc2c.pdf?v=2312016) prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") ;

(c) The published unaudited interim financial statements of BBVA Global Markets, B.V. for the six month period ending June 30, 2015 and made available on http://www.ise.ie/debt_documents/Half-yearly%20Financial%20Statement_d423dccf-184b-44bb-8b27-d94b938e12ac.pdf?v=1912016

(d) The Registration Document *(Documento de Registro)* of the Guarantor in Spanish prepared in accordance with Annex I of Regulation (EC) No 809/2004 and filed with the CNMV on July 9, 2015, and made available on http://accionistaseinversores.bbva.com/TLBB/fbinir/mult/DocumentoRegistroBBVA2014_tcm926-531365.pdf as well as available on the website of the CNMV www.cnmv.es.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and/or the Guarantor and approved by the CNMV 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.

Copies of documents of the Guarantor incorporated by reference in this Base Prospectus can be obtained from the Guarantor at Sauceda 28, 28050 Madrid or at the links indicated above.

Copies of documents of the Issuer incorporated by reference in this Base Prospectus can be obtained from the Issuer at Calle Sauceda 28, 28050 Madrid or at the links indicated above.

The Issuer and the Guarantor 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 a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, registered form, without interest coupons attached, or in book-entry form. In this Base Prospectus, Bearer Notes and Registered Notes are collectively referred to as **Certificated Notes**. Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a "**Temporary Bearer Global Note**") or a permanent global note (a "**Permanent Bearer Global Note**") as indicated in the applicable Final Terms, which, in either case, will (i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg); or (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and 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 if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification of non-U.S. beneficial ownership or certification to the effect that the holder is a U.S. person who purchased in a transaction that did not require registration under the Securities Act and to the effect that such holder is not a United States person, or is a United States person that purchased by or through certain United States financial institutions or is a financial institution purchasing for resale during the restricted period to persons other than United States persons or persons within the United States or its possessions 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 like 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 (a) interests in a Permanent Bearer Global Note of the same Series or (b) 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 investors 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.

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 if the Permanent Bearer Global Note is not intended to be issued in NGN form) 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 (a) 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 (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in General Condition 9) 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 successor clearing system is available, (iii) if so specified in the applicable Final Terms, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form or (iv) the Notes are required to be removed from both Euroclear and Clearstream, Luxembourg and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with General Condition 13if 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 Issuer, as the case may be, may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 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 (other than Temporary Bearer Notes) 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 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 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

Registered Notes 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 General Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Registered Global Note will bear a legend describing such restrictions on transfer.

Registered Global Notes will either (a) be deposited with a custodian for the accounts of Euroclear and Clearstream, Luxembourg or (b) be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, 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.

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 General Condition 5.(2) (i)) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, 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 General Condition 5) immediately preceding the due date for payment in the manner provided in that General Condition.

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. For these purposes, **Exchange Event** means that (a) an Event of Default has occurred and is continuing, (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form, (c) in the case of Notes registered in the name of a nominee for a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, 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 successor clearing system is available, and (d) the Notes are required to be removed from (in the case of Notes registered in the name of a nominee for a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg) both Euroclear and Clearstream, Luxembourg and, in either case, no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with General Condition 13 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) or the Issuer, as the case may be, may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Registrar.

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. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

General provisions relating to Certificated Notes

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes 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.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg or its nominee 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 Guarantor 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 and voting, giving consents or making requests, 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 Guarantor 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.

Except in relation to Notes issued in NGN form or Registered Global Notes held under the NSS, 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 and the Principal Paying Agent. A Note may be accelerated by the holder thereof in certain circumstances described in General Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note within a period of 15 days from the giving of a notice by a holder with Euroclear or Clearstream, Luxembourg of such Notes so represented and credited to its securities account that it wishes to accelerate such Notes, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg.

Book-Entry Notes

Book-Entry Notes admitted to trading on AIAF and other Spanish regulated markets

Notes may be issued in uncertificated, dematerialised book-entry form (**Book-Entry Notes**). Book-Entry Notes which are admitted to trading on AIAF will be issued as *anotaciones en cuenta* and registered with *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal* (**Iberclear**) as managing entity of the Central Registry. Such Book-Entry Notes will be constituted as such by virtue of their entry in the corresponding accounting book of Iberclear.

The holders of Book-Entry Notes which are admitted to trading on AIAF will be identified as such (on their own account or for the account of third parties) as appears from the accounting book maintained by Iberclear or the relevant member (*entidad participante*) of Iberclear **(Iberclear Member**) (as the case may be). The clearing and settlement of the Book-Entry Notes which are admitted to trading on AIAF will be carried out in accordance with the operating rules that are established or in the future may be approved by Iberclear.

FORM OF THE NOTES

Payments to be made in respect of Book Entry Notes which are admitted to trading on AIAF will be made by the Issuer (or on its behalf) to Iberclear or the relevant Iberclear Member (as the case may be), in whose records such Book-Entry Notes are registered, in accordance with Iberclear's current procedures.

One or more certificates evidencing the relevant Noteholder's holding of Book-Entry Notes in the relevant registry will be delivered by Iberclear or the relevant Iberclear Member (as the case may be), in whose records the Book-Entry Notes are registered, or, where the Noteholder is itself an institution participating in Iberclear, by Iberclear (in each case, in accordance with the requirements of Spanish law and the procedures of the relevant Iberclear Member or, as the case may be, Iberclear) to such Noteholder upon such Noteholder's request.

Book-Entry Notes may also be admitted to trading on Spanish regulated markets other than AIAF, in which case references above to AIAF will be deemed to be to such other Spanish regulated market.

Book-Entry Notes admitted to trading on a non-Spanish regulated market

Book-Entry Notes may be admitted to trading on non-Spanish regulated markets. Book-Entry Notes which are admitted to trading on non-Spanish regulated markets will be issued in accordance with the requirements of such regulated market and registered with the Book-Entry Depositary specified in the applicable Final Terms.

The holders of Book-Entry Notes which are admitted to trading on non-Spanish regulated markets will be identified as such (on their own account or for the account of third parties) as appears from the accounting book maintained by the Book-Entry Depositary. The clearing and settlement of the Book-Entry Notes which are admitted to trading on non-Spanish regulated markets will be carried out in accordance with the operating rules that are established or in the future may be approved by the Book-Entry Depositary.

Payments to be made in respect of Book Entry Notes which are admitted to trading on non Spanish regulated markets will be made by the Issuer (or on its behalf) to the Book-Entry Depositary in accordance with the Book Entry Depositary's current procedures and in accordance with applicable Spanish laws.

Other provisions relating to Book-Entry Notes

Title to the Book-Entry Notes will be evidenced by book entries and each person shown in the registries maintained by Iberclear Members (or the members of the relevant Book-Entry Depositary) and having an interest in the Book-Entry Notes shall be considered, by the Issuer, the Guarantor and the Agents, as the holder of the principal amount of Book-Entry Notes recorded therein, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

The creation of limited in rem rights or any other encumbrance on a Book-Entry Note must be entered in the corresponding account and effected in accordance will the then current procedures of Iberclear (or the relevant Book-Entry Depositary) and or their respective members.

Further tranches of Book-Entry Notes (fungible Book-Entry Notes)

The Issuer shall arrange (without the requirement to obtain the consent of the Noteholders) that, where a further Tranche of Book-Entry Notes is issued which is intended to form a single Series with an existing Tranche of Book-Entry Notes, the Book-Entry Notes of such further Tranche shall be assigned a common code and ISIN.

FORM OF APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme

[Date]

BBVA GLOBAL MARKETS B.V.

(a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law with its seat in Amsterdam, the Netherlands but its tax residency in Spain)
*(as "**Issuer**")*

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**")*

under the €2,000,000,000
Structured Medium Term Note Programme

guarantee by

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
(incorporated with limited liability in Spain)
(as "Guarantor")

[Name], acting on behalf of BBVA Global Markets B.V. , (the Issuer) with registered office at Calle Sauceda, 28 , 28050 Madrid, Spain in his capacity as director of the Issuer and according to the resolution of the general shareholders and board of directors meeting of 29 March 2016 agrees, under the terms and conditions of the €2,000,000,000 Structured Medium Term Note Programme Base Prospectus dated 31 March 2016 [and the supplements to the Base Prospectus dated [*specify*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) (the **Base Prospectus**) registered and approved by the Comisión Nacional del Mercado de Valores on 31 March 2016, to fix the following terms and conditions of issuance of Notes described herein and declares that the information contained in these Final Terms is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

In relation to the guarantee granted by Banco Bilbao Vizcaya Argentaria, S.A. (the Guarantor) in respect of the Notes, [Name], acting on behalf of the Guarantor according to the resolution of the Board of Directors of the Guarantor dated 24 February 2016, with the signature of this document hereby accepts the Guarantor responsibility as guarantor of the Notes for the information contained in this document. [Name], declares that the information regarding the Guarantee and the Guarantor contained in these Final Terms is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

[These Notes are not intended for, and are not to be offered to, the public in any jurisdiction of the EEA][1]

Any person making or intending to make an offer of the Notes may only do so [:

(i) in those Non-exempt Offer Jurisdictions mentioned in Paragraph 9.4 of Part B below, provided such person is of a kind specified in that paragraph and that the offer is made during the Offer Period specified in that paragraph; or

(ii) otherwise,][2] in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

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1 Insert where no public offer (in accordance with the Prospectus Directive) is intended.
2 Delete where no public offer (in accordance with the Prospectus Directive) is intended.

FORM OF APPLICABLE FINAL TERMS

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the Base Prospectus dated 31 March 2016 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). 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. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [An issue specific summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms.][3] The Base Prospectus has been published on the website of CNMV (www.cnmv.es) and on the Guarantor's website (www.bbva.com).

[Investors should note that if a supplement to or an updated version of the Base Prospectus is published at any time during the Offer Period (as defined below), such supplement or updated Base Prospectus as the case may be, will be published and made available in accordance with the arrangements applied to the original publication of these Final Terms. Any investors who have indicated acceptances of the Offer (as defined below) prior to the date of approval of such supplement or updated version of the Base Prospectus, as the case may be (the "**Approval Date**"), have the right within two working days of the Approval Date to withdraw their acceptances.][4]

[Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.Where the context so permits, Terms in these Final Terms may be attributed a numerical or letter suffix value when included hereon. Without limitation, the suffix can be denoted as "j", "k", "m", "q", "n", "t" or "i" and the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t or i, as chosen at the time of an issue of Notes. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and explained and may be presented as a table, if necessary, in the Final Terms.

1.	(i)	Issuer:	BBVA Global Markets B.V. NIF: N0035575J
	(ii)	Guarantor:	Banco Bilbao Vizcaya Argentaria, S.A. NIF: A48265169
2.	(i)	Series Number:	[*specify*]
	(ii)	Tranche Number:	[*specify*] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
	(iii)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in

3 Include this wording if the Specified Denomination is less than than €100,000 (or its equivalent in another currency).

4 Include in respect of issues of Notes for which the offer period spans a supplement to the Base Prospectus or an update to the Base Prospectus.

		paragraph [42] below, which is expected to occur on or about [*date*]][Not applicable]
	(iv) Applicable Annex(es):	[Not applicable] [Annex 1: Payout Conditions] [Annex 2: Index Linked Conditions] [Annex 3: Equity Linked Conditions] [Annex 4: Inflation Linked Conditions] [Annex 5: Fund Linked Conditions] [Annex 6: Credit Linked Conditions] [Annex 7: Foreign Exchange (FX) Rate Linked Conditions] *(more than one Annex may apply)*
3.	Specified Notes Currency :	[*specify*]
4.	Aggregate Nominal Amount:	
	(i) Series:	[*specify*] [in case of Partly Paid Notes: Up to [specify] The Notes are issued in a partly paid basis ("Partly Paid Notes"): Date Aggregate Nominal Amount paid up [*Specify*] [*Specify*] The aggegate nominal amount shall be paid to the account specified to the Noteholders for such purpose by the Paying Agent on behalf of the Issuer at or around [*specify*] Business Days rior to each date. Noteholders shall confirm payment at the latest [*specify*] Business Days prior to such Date. As stated in Condition 4 (a) (ii) (A) of the Base Prospectus, Interest shall be calculated by applying the Rate of Interest to the aggregate amount paid up. [*For information purposes, if such amount is not paid up in full by Noteholders, the Issuer shall redeem the Notes in accordance with paragraph 29 below*.]
	(ii) Tranche:	[*specify*]
5.	Issue Price:	[*specify*] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (if applicable)
6.	Specified Denomination:	[EUR 1,000] [EUR 100,000] [other] [In case of Partly-paid Notes: (*For the sake of clarity and in case Noteholders pay on*

			the dates specified in 4 (i) above, the paid up Specified Denomination shall be: (i) [Specify] from the Issue date to [Specify]; and (ii) [Specify] from [Specify] to the Maturity Date).]
	(i)	Minimum Tradable Amount:	[*specify*][Not applicable] *(If the Specified Denomination is less than €100,000 the Notes must have a Minimum Tradable Amount of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*
	(ii)	Calculation Amount:	[*specify*][*Insert in the case of Instalment Notes*: (the "**Original Calculation Amount**") minus, for the purposes of any calculation by reference to the Calculation Amount on any day, the sum of the Instalment Amounts paid prior to the relevant day [save for the purposes of calculation of any [Interest Amount][Final Redemption Amount][Early Redemption Amount][Automatic Early Redemption Amount][Optional Redemption Amount][Entitlement Amount] [[payable][deliverable] on [*specify*]] for which purposes the Original Calculation Amount will continue to apply.] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
	(iii)	Number of Notes issued:	[*specify*] (assuming that each Note is issued with a Specified Denomination equal to the Calculation Amount) (The number of Notes issued should be calculated by dividing the Aggregate Nominal Amount by the Calculation Amount)
7.	(i)	Issue Date:	[*specify*]
	(ii)	Interest Commencement Date:	[[*specify*/Issue Date][Not Applicable]] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)*
8.		Maturity Date:	[*specify*][or if that is not a Business Day the immediately [succeeding][preceding] Business Day [unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day] [(the "**Scheduled Maturity Date**") [or such later date for redemption determined as provided in the [[Fund Linked][Credit

		Linked Conditions]].
9.	Interest Basis:	[[*specify*] [per cent.][per annum][Fixed Rate] [[LIBOR][EURIBOR][*specify CMS Rate*][*specify*] +/- [*specify*] per cent. Floating Rate] [Zero Coupon] [Reference Item Linked Interest: *(specify one or more of the following)* [Index Linked Interest] [Equity Linked Interest] [Inflation Linked Interest] [Reference Rate Linked Interest] [Fund Linked Interest] [Foreign Exchange (FX) Rate Linked Interest] [Combination Interest]] [Not applicable]
10.	Redemption/Payment Basis:	[Redemption [at par][Specify [Percentage]][see item 26 (Final Redemption Amount) below] [Index Linked Redemption] [Equity Linked Redemption] [Inflation Linked Redemption] [Reference Item Rate Linked Redemption] [Fund Linked Redemption] [Credit Linked Redemption] [Foreign Exchange (FX) Rate Linked Redemption] [Combination Redemption] [Instalment] *(N.B. If the Final Redemption Amount is other than 100 per cent of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
11.	Reference Item(s):	The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply [for [Interest] [and] [Redemption] determination purposes:] [Not applicable]: [For [k]=1][*specify*][*insert description*][(see paragraph [*specify*])] *(Repeat if necessary)*

[and]

[The following Reference Item(s)[(k)] [(from [k] = [*specify*] to [k] = [*specify*])] will apply [for [Redemption] determination purposes]:

[For [k]=[*specify*]][*specify*][insert description][(see paragraph [*specify*])]

(Repeat if necessary)

12. Put/Call Options: [Not applicable]

[Noteholder Put Option]

[Issuer Call Option]

[(see paragraph[s][29][30] below)]

13. Knock-in Event: [Not applicable][Applicable: Knock-in Value is [(i)][greater than][greater than or equal to][less than][less than or equal to] the Knock-in[Level][Price][within the Knock-in Range]

(Only applicable if a payment to be made in respect of the Notes is subject to a condition precedent that a Knock-in Event has occurred. If not applicable, delete the remaining sub-paragraphs of this paragraph)

[The Reference Item Rate [1][2] is [greater][less] than [or equal to] the Knock-in Level]

(Insert for Reference Item Linked Notes)

(i) Knock-in Value: *[insert definition from Payout Condition 5.2]*

(ii) Knock-in Level/Knock-in Price: *[specify value or percentage]*

(iii) Knock-in Range: From and [including][excluding] [specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level, or prices etc] [Not applicable]

(iv) Knock-in Determination Day(s): [*specify*][Each Scheduled Trading Day in the Knock-in Determination Period][Not applicable]

[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]

(v) Knock-in Determination Period: [*specify*][Not applicable]

(vi) Knock-in Period Beginning Date: [*specify*][Not applicable]

(vii) Knock-in Period Beginning Date Scheduled Trading Day Convention: [Applicable][Not applicable]

(viii) Knock-in Period Ending Date: [*specify*][Not applicable]

(ix)	Knock-in Period Ending Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(x)	Knock-in Valuation Time:	[*specify*][Scheduled Closing Time][Any time on a Knock-in Determination Day][Not applicable]
14.	Knock-out Event:	[Not applicable][Applicable: The Knock-out Value is [(i)][greater than][greater than or equal to][less than][less than or equal to] the Knock-out [Level][Price][within the Knock Knock-out Range] *(Only applicable if a payment to be made in respect of the Notes is subject to a condition precedent that a Knock-out Event has occurred. If not applicable, delete the remaining sub-paragraphs of this paragraph)* [The Reference Item Rate [1][2] is [greater][less] than [or equal to] the Knock-in Level] (Insert for Reference Item Linked Notes)
(i)	Knock-out Value:	*[insert definition from Payout Condition 5.2]*
(ii)	Knock-out Level/Knock-out Price:	*[specify value or percentage]*
(iii)	Knock-out Range:	From and [including][excluding] [specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level, or prices etc] [Not applicable]
(iv)	Knock-out Determination Day(s):	[[From and including][From and excluding][To and including][To but excluding][*specify*]] [*specify*][Each Scheduled Trading Day in the Knock-out Determination Period][Not applicable] [In the event that a Knock-out Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]
(v)	Knock-out Determination Period:	[*specify*][Not applicable]
(vi)	Knock-out Period Beginning Date:	[*specify*][Not applicable]
(vii)	Knock-out Period Ending Date:	[*specify*][Not applicable]
(viii)	Knock-out Period Beginning Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(ix)	Knock-out Period Ending Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(x)	Knock-out Valuation Time:	[*specify*][Scheduled Closing Time][Any time on a Knock out Determination Day][Not applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Interest:**	[Applicable][Not applicable] *(If not applicable, delete the remaining subparagraphs*

		of this paragraph)
(i)	Interest Period End Date(s):	[*specify*][Not applicable]
(ii)	Business Day Convention for Interest Period End Date(s):	[Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable] *(If unadjusted specify not applicable. If adjusted specify same Business Day Convention as for Interest Payment Dates)*
(iii)	Interest Payment Date(s):	[*specify*]
(iv)	Business Day Convention for Interest Payment Date(s):	[Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable] *(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*
(v)	Margin(s):	[[+/-][*specify*][per cent.][per annum]][Not applicable] *(If a Margin applies for each Interest Period, the Margin shall be specified separately for each Interest Period)*
(vi)	Minimum Rate of Interest:	[[*specify*][per cent.][per annum]][Not applicable] *(If a Minimum Rate of Interest applies for each Interest Period, the Minimum Rate of Interest shall be specified separately for each Interest Period)*
(vii)	Maximum Rate of Interest:	[[*specify*][per cent.][per annum]][Not applicable] *(If a Maximum Rate of Interest applies for each Interest Period, the Maximum Rate of Interest shall be specified separately for each Interest Period.)*
(viii)	Day Count Fraction:	[For i=[*specify*] to i=[*specify*],][30/360] [Actual/Actual] [(ICMA)] [(ISDA)] [Actual/365[(Fixed)][(Sterling)]] [Actual/360][30/360/][360/360][Bond Basis] [30E/360[(ISDA)]][Eurobond Basis] [1/1][1][adjusted][unadjusted][Not applicable] *(Where Actual/Actual ICMA is applicable, insert Determination Date(s) below)* *(Replicate as necessary)*
(ix)	Determination Date(s):	[[*specify*][in each year]][Not applicable] *(Only relevant where Day Count Fraction is*

Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

(x) Rate of Interest: [In respect of each Interest Payment Date [(from [*specify*] to [*specify*])][falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][not applicable]]the Rate of Interest shall be determined by the Calculation Agent [as][in accordance with the following formula(s)]:

[Fixed Rate]

[Floating Rate]

(The above formulation may be repeated as necessary)

(In respect of the following, insert formula, relevant value(s) and other related definitions in each case from Payout Condition 2.1 and relevant definitions from Payout Condition 5)

[Rate of Interest (i)]

[Rate of Interest (ii)]

[Rate of Interest (iii)]

[Rate of Interest (iv)]

[Rate of Interest (v)]

[Rate of Interest (vi)]

[Rate of Interest (vii)]

[Rate of Interest (viii)]

[Rate of Interest (ix)]

[Rate of Interest (x) - Range Accrual]

[Rate of Interest (xi) - Digital One Barrier]

[Rate of Interest (xii) –Strike Podium n Barriers]

[Rate of Interest (xiii) – Ramses]

[Rate of Interest (xiv) – Mozart]

[Rate of Interest (xv) – Mozart Variable]

[Rate of Interest (xvi) - Call with Individual Caps]

[Rate of Interest (xvii) – Cappuccino]

[Rate of Interest (xviii) – Best Replace]

[Rate of Interest (xix) – Cliquet]

[Rate of Interest (xx) - Cliquet Digital]

[Rate of Interest (xxi) - Cliquet Digital Lock in]

[Rate of Interest (xxii) - Digital Coupon One Condition Condition]

[Rate of Interest (xxiii) - Digital Coupon Two Conditions]

[Rate of Interest (xxiv) – TARN]

[Rate of Interest (xxv) – Ratchet]

[Rate of Interest (xxvi) – Multiplier]

(If the Rate or Interest is calculated by reference to Reference Items, Valuation Dates, Observation Dates etc. or is otherwise calculated differently in respect of each Interest Payment Date, above options may be repeated and numerical suffixes may be used to clarify which Reference Item, Rate of Interest, Valuation Date, Observation Date etc. applies in respect of the corresponding Interest Payment Date)

16. Fixed Rate Note Provisions: [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable]

(*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]

(If more than one fixed rate is to be determined repeat items (i) to(iii) of this paragraph for each such rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)

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

(i) Rate(s) of Interest: [[*specify*] [per cent. [per annum] payable [annually][semi-annually][quarterly][monthly] in arrear on each Interest Payment Date][Not applicable]

(Amend appropriately in the case of irregular coupons)

(ii) Fixed Coupon Amount(s): [[*specify*] per Calculation Amount][Not applicable]

(iii) Broken Amount(s): [[*specify*] per Calculation Amount, payable on the Interest Payment Date[s] falling [in][on][*specify*]][Not applicable]

17. Floating Rate Note Provisions: [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*] only]][Not applicable][for purposes only of determining the "Rate" element of the Rate of Interest specified in 15(x)] *(insert where Rate of Interest (x) – Range Accrual applies under item 15(x))*

(*In respect of Credit Linked Notes*) [, subject to the

			provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] *(If more than one floating rate is to be determined, repeat items [specify] to [specify] for each such rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)* *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i)	Specified Period(s):		[specify length of period][Not applicable]
(ii)	Manner in which the Rate of Interest and Interest Amount is to be determined:		[Screen Rate Determination][ISDA Determination] *(further particulars specified below)*
(iii)	Screen Rate Determination:		[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Reference Rate:	[*specify period*] [month][year] [LIBOR][EURIBOR][CMS Rate with a Designated Maturity of [*insert years*]]
	(b)	Interest Determination Date(s):	[*specify*] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR.)*
	(c)	Specified Time	[*specify*] *(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)*
	(d)	Relevant Screen Page:	[*specify*] (to be determined in accordance with General Condition 4(b)(iii)/(iv)) *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(iv)	ISDA Determination:		[Applicable][Not Applicable]
	(a)	Floating Rate Option:	[*specify*]
	(b)	Designated Maturity:	[*specify*]
	(c)	Reset Date:	[*specify*]

	(v)	Linear Interpolation:	[Not applicable][Applicable – the Rate of Interest for the [long][short][first][last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
18.	**Zero Coupon Note Provisions:**		[Applicable][Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph.)* (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
	(i)	Accrual Yield:	[*specify*] per cent [per annum]
	(ii)	Reference Price:	[*specify*] *(If a different Reference Price and/or Accrual Yield applies to each Interest Period, the Accrual Yield and/or Reference Price shall be specified separately for each Interest Period.)*
19.	**Index Linked Interest Provisions:**		[Applicable] [in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*][to and including [*specify*] only][Not applicable][for the purpose of determining the "Rate of Interest" specified in item 15(x)] (*insert where "Rate of Interest" (x) – Range Accrual applies under item 15(x)* (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Index/Basket of Indices:	[*specify*][Reference Item[s][k]] [Composite][non Composite] [Weighting: [[Not applicable][[*specify*] Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]
	(ii)	Index Currency:	[*specify*]
	(iii)	Exchange(s) and Index Sponsor:	(a) the relevant Exchange[s] [is][are] [*specify*]; and (b) the relevant Index Sponsor is [*specify*].
	(iv)	Related Exchange:	[*specify*][All Exchanges]
	(v)	Screen Page:	[*specify*]
	(vi)	Strike Date:	[*specify*][Not applicable]

(vii)	Strike Period [and Strike Days]:	[*specify Strike Period*][Not applicable][*specify applicable Strike Days in the period*]
(viii)	Averaging:	Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above] [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply.] [[Specified Maximum Days of Disruption will be equal to: [*specify*][five]] *(If no Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
(ix)	Coupon Valuation Date(s)/Period(s):	[*specify*][Not applicable]
(x)	Coupon Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Observation Period.] [[*specify*], being the time specified on the relevant [Coupon Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Index Linked Interest Amount] *(If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)*
(xi)	Observation Date(s):	[*specify*][Not applicable] [In the event that an Observation Date is a Disrupted Day[Omission][Postponement][Modified Postponement] will apply.]
(xii)	Observation Period:	[*specify*][Not applicable]
(xiii)	Exchange Business Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)](*standard election is All Indices Basis*)
(xiv)	Scheduled Trading Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)] *(must match election made for Exchange Business Day)*
(xv)	Index Correction Period:	[As set out in Index Linked Condition 7][*specify*]
(xvi)	Disrupted Day:	[As set out in the Index Linked Conditions][*specify*]
(xvii)	Index Adjustment Event:	[As set out Index Linked Condition 2][*specify*] [Delayed Redemption on Occurrence of Index Adjustment Event: [Applicable][Not applicable]]
(xviii)	Additional Disruption Events:	[The following Additional Disruption Events apply to the Notes: *(Specify each of the following which applies)*

		[Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Not applicable] [[The Trade Date is [specify].] (*N.B. only applicable if Change in Law and/or Increased Cost of Hedging is applicable*) [[The Maximum Stock Loan Rate in respect of [specify] is [specify]] *(Only applicable if Loss of Stock Borrow is applicable)* [The Initial Stock Loan rate in respect of [specify] is [specify]] *(Only applicable if Increased Cost is Stock Borrow is applicable)* Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]
(xix)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [*specify*][five][Not applicable] *(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
20.	**Equity Linked Interest Provisions:**	[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable][for the purposes of determining the "Rate of Interest" specified in item 15(x)] *(insert where "Rate of Interest (x) – Range Accrual" applied under item 15(x))* (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i)	Share(s)/Share Company/Basket of Shares:	[*specify*][Reference Item[s][k]] [Weighting: [Not applicable][*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]
(ii)	Share Currency:	[*specify*]
(iii)	ISIN of Share(s):	[*specify*]
(iv)	Screen Page:	[*specify*]

(v)	Exchange(s):	[*specify*]
(vi)	Related Exchange(s):	[*specify*][All Exchanges]
(vii)	Depositary Receipt provisions:	[Applicable][Not applicable]
	(a) Details of Depositary Receipt:	[*specify name and ISIN code*]
	(b) Underlying Shares:	[*specify*]
	(c) Underlying Share Issuer:	[*specify*]
	(d) Share Exchange:	[*specify*]
(viii)	Strike Date:	[*specify*][Not applicable]
(ix)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
(x)	Averaging:	Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [*specify*][See paragraph [*specify*] above] [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.] [[Specified Maximum Days of Disruption will be equal to: [*specify*][five]] *(If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
(xi)	Coupon Valuation Date(s)/Period(s):	[*specify*][Not applicable]
(xii)	Coupon Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Observation Period]] [[*specify*], being the time specified on the relevant [Coupon Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Equity Linked Interest Amount] *(If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)*
(xiii)	Observation Date(s):	[*specify*][Not applicable] [In the event that an Observation Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
(xiv)	Observation Period:	[*specify*][Not applicable]
(xv)	Exchange Business Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
(xvi)	Scheduled Trading Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]

		(Must match election for Exchange Business Day)
(xvii)	Share Correction Period:	[As set out in Equity Linked Condition 8][*specify*]
(xviii)	Disrupted Day:	[As set out in Equity Linked Condition 8][*specify*]
(xix)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [*specify*][five][Not applicable] *(If no Specified Maximum Days of Disruption is stated, Specified Maximum Days of Disruption will be equal to five)*
(xx)	Extraordinary Events:	In addition to De-Listing, Insolvency, Merger Event and Nationalization, the following Extraordinary Events apply to the Notes: Tender Offer: [Applicable][Not applicable] Listing Change: [Applicable][Not applicable] Listing Suspension: [Applicable][Not applicable] Illiquidity: [Applicable][Not applicable] Delayed Redemption on Occurrence of Extraordinary Disruption Event: [Applicable][Not applicable]
(xxi)	Additional Disruption Events:	[Not applicable][The following Additional Disruption Events apply to the Notes: *(Specify each of the following which applies)* [Change in Law] [Hedging Disruption] [Insolvency Filing] [Failure to Deliver due to Illiquidity] *(Only applicable in the case of Physical Delivery Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)* [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Stop-Loss Event] [Stop-Loss Event Percentage: [*specify*] per cent.] [[The Trade Date is [specify]] (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*) [[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [specify]] (*Only*

		applicable if Loss of Stock Borrow is applicable)
		[[The Initial Stock Loan rate in respect of [*specify in relation to each relevant Share*] is [*specify*]] (*Only applicable if Increased Cost of Stock Borrow is applicable*)
		Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]
21.	**Inflation Linked Interest Provisions:**	[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 15(x)] *(insert where "Rate of Interest (x) – Range Accrual" applied under item 15(x))*
		(*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
		(If not applicable, delete the remaining sub-paragraphs f this paragraph)
		(If more than one Inflation Rate is to be determined, repeat items (i) to (ix) for each such Inflation Rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)
(i)	Index / Indices:	[*specify*][Reference Item[s][(k)]]
		(Set out each Index level and insert "in respect of [specify date]" following each Index level)
(ii)	Screen Page/Exchange/ CODE:	[*specify*]
(iii)	Cut-Off Date:	[As per the Inflation Linked Conditions][*specify*]
(iv)	Related Bond:	[*specify*][Fall Back Bond][Not applicable]
(v)	Fall Back Bond:	[Applicable][Not applicable]
(vi)	Index Sponsor:	[*specify*]
(vii)	Related Bond Redemption Event:	[Applicable][Not applicable]
(viii)	Strike Date:	[*specify*][Not applicable]
(ix)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
(x)	Determination Date:	[*specify*][Not applicable]
(xi)	Additional Disruption Events:	[Not applicable][The following Additional Disruption Events apply to the Notes:

		(Specify each of the following which applies) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [The Trade Date is [*specify*]. (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)]
22	**Fund Linked Interest Provisions:**	[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*][to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 15(x)] *(insert where "Rate of Interest (x) – Range Accrual" applied under item 15(x))* (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i)	Fund/Fund Basket(s):	[*specify*][Reference Item[s][(k)]] [The [*specify*] Fund is an Exchange Traded Fund]
(ii)	Fund Shares:	[*specify*] [Weighting: [*specify*][Not applicable] Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]
(iii)	Exchange:	[*specify*][Not applicable] *(only applicable to ETFs)*
(iv)	Related Exchange	[*specify*][All Exchanges][Not applicable] *(only applicable to ETFs)*
(v)	Exchange Business Day:	[*specify*][Not applicable] *(only applicable to ETFs)*
(vi)	Scheduled Trading Day	[(All Funded Share Basis)][(Per Fund Share Basis)][(Single Fund Share Basis)][(Cross Asset Basis)] *(only applicable to ETFs)*
(vii)	Strike Date:	[*specify*][Not applicable] *(only applicable to ETFs)*
(viii)	Averaging:	Averaging [applies][does not apply] to the Notes [The Averaging Dates are [*specify*]][see paragraph [*specify*] above]

		[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply] [[Specified Maximum Days of Disruption will be equal to: [*specify*][five]] *(If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
(ix)	Observation Date	[*specify*][Not applicable] In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply
(x)	Observation Period	[*specify*][Not applicable]
(xi)	Coupon Valuation Date(s)/Period(s):	[*specify*][Not applicable]
(xii)	Valuation Time (only applicable to ETFs):	[Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Observation Period]] [[*specify*], being the time specified on the relevant [Coupon Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Fund Linked Interest Amount] *(If no time is specified, the Coupon Valuation Time will be the close of trading on the Exchange)*
(xiii)	Fund Service Provider:	[*specify*][As set out in Fund Linked Condition 7]
(xiv)	Fund Documents:	[*specify*]
(xv)	Fund Business Day:	[(All Fund Share Basis)][(Per Fund Share Basis)][(Single Fund Share Basis)]
(xvi)	Initial Calculation Date:	[*specify*][Not applicable] [As set out in Fund Linked Condition 7]
(xvii)	Final Calculation Date:	[*specify*][Not applicable] [As set out in Fund Linked Condition 7]
(xviii)	Calculation Date(s):	[*specify*][As set out in per the Fund Linked Condition 7] [Not applicable]
(xix)	Exchange Rate:	[*specify*][Not applicable]
(xx)	NAV Barrier:	[*specify*][Not applicable]
(xxi)	NAV Trigger Percentage:	[*specify*][As set out Fund Linked Condition 7][Not applicable]
(xxii)	NAV Trigger Period:	[*specify*][As set out in Fund Linked Condition 7] [Not applicable]
(xxiii)	Number of NAV Publication Days:	[*specify*][As set out in Fund Linked Condition 7] [Not

		applicable]
(xxiv)	Basket Trigger Level:	[*specify*][[As set out in Fund Linked Condition 7][Not applicable]
(xxv)	Termination Amounts:	[Delta 1 Termination Amount][Principal Protected Termination Amount][Non-Principal Protected Termination Amount][Not applicable]
(xxvi)	Termination Date:	[*specify*][Not applicable]
(xxvii)	Delta 1 Termination Date:	[*specify*][Not applicable]
(xxviii)	Protected Amount:	[*specify*][Not applicable]
(xxix)	Simple Interest Spread	[As set out Fund Linked Condition 7][*specify*][Not applicable]
(xxx)	Spread:	[*specify*][Not applicable]
(xxxi)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [*specify*][five] *(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
(xxxii)	Extraordinary Fund Event:	[As set out in Fund Linked Condition 4] Delayed Redemption on the Occurrence of an Extraordinary Fund Event: [Applicable][Not applicable]
(xxxiii)	Additional Extraordinary Fund Event:	[Not applicable][The following Additional Disruption Events apply to the Notes: *(Specify each of the following which applies)* [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [The Trade Date is [*specify*]] (only applicable if Change in Law and/or Increased Cost of Hedging is applicable) *(Specify whether each Additional Extraordinary Fund Event is a Substitution Event or a Termination Event)*
(xxxiv)	Delayed Payment Cut-Off Date:	[As set out in Fund Linked Condition 6][*specify*]
23.	**Foreign Exchange (FX) Rate Linked Interest Provisions:**	[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 15(x)] (*insert where "Rate of Interest (x) – Range Accrual" applied under item 15(x))* (*In respect of Credit Linked Notes*) [, subject to the

		provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i)	Base Currency:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]]
(ii)	Subject Currency/Currencies:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]]
(iii)	Additional Disruption Event:	(*Specify each of the following which applies*) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Trade Date means:[*specify*]] Delayed Redemption on the Occurrence of a Disruption Event: [Applicable][Not applicable]
(iv)	Averaging:	Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [*specify*]][see paragraph [ ] above] [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply] [Specified Maximum Days of Disruption will be equal to: [*specify*][five] (If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)
(v)	Observation Date(s):	[*specify*][Not applicable]
(vi)	Observation Period:	[*specify*][Not applicable]
(vii)	Price Source:	[*specify*]
(viii)	Relevant Screen Page:	[*specify*]
(ix)	Strike Date:	[*specify*][Not applicable]
(x)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
(xi)	Coupon Valuation Date:	[*specify*][Not applicable]
(xii)	Valuation Time:	[*specify*][Not applicable][As per Foreign Exchange (FX) Rate Linked Note Condition 5]
(xiii)	Delayed Redemption on the Occurrence of a Disruption Event:	[Applicable][Not applicable]
(xiv)	Specified Maximum Days of Disruption:	[Specified Maximum Days of Disruption will be equal to: [*specify*][five][Not applicable]

(If no Specific Maxium Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)

24. Reference Rate Linked Interest/Redemption: [Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including] [*specify*] only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 15(x)] (*insert where "Rate of Interest (x) – Range Accrual" applied under item 15(x))*,

(*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]

[The [Floating][Fixed] Rate Note Provisions shall apply for the purpose of determining the Reference Item Rate on the basis of elections in this paragraph.]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(If more than one Reference Rate is to be determined, include the following language: "Reference Rate [specify] is as follows:" and repeat items (i) to (vi) below for each such Reference Item Rate)

(i) Screen-Rate Determination: [Applicable][Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Reference Rate: [*specify*][CMS Rate with a Designated Maturity of [*insert year*]]

(b) Interest Determination Date(s): [*specify*]

(e.g.: Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR). Where the Rate of Interest is being used other than for a Floating Rate Note, ensure that this is not specified in respect of an Interest Period and the relevant Range Accrual Day may be specified where relevant for Range Accrual Notes)

(c) Specified Time: [*specify*]

(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)

(d) Relevant Screen Page: [*specify*]

			(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
(ii)	ISDA Determination:		[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Floating Rate Option:	[*specify*]
	(b)	Designated Maturity:	[*specify*]
	(c)	Reset Date:	[*specify*]
(iii)	Reference Spread:		[Reference Item Rate 1 minus Reference Item Rate 2][Not applicable] [See paragraph [ ][above][below] *(If a Reference Spread applies for each Interest Period, the Reference Spread shall be specified separately for each Interest Period.)*
(iv)	Coupon Valuation Date(s)/Period(s):		[*specify*][Not applicable]
(v)	Rate Cut-Off Date		[*specify*] [See paragraph [*specify*][above][below] [Not applicable]
(vi)	Business Days		As used in this item and for the purpose of determining the Reference Item Rate only, "**Business Day**" means [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 [specify] [A Target Settlement Day][[a "U.S. Government Securities Business Day", being any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.] [Not applicable]
25.	**Combination Note Interest:**		[Applicable][Not applicable] *(Applicable in relation to Interest linked to a combination of types of Reference Items)* *(If applicable, complete relevant prompts from Paragraphs [15] to [24] above)*

PROVISIONS RELATING TO REDEMPTION

26.	**Final Redemption Amount:**	[Redemption at par][Calculation Amount * [*specify*] per cent.][Calculation Amount * Final Payout] [, subject to [*specify*]].

27.	**Final Payout:**	[Not applicable] *(In respect of the following, insert formula from Payout Condition 2.2 and relevant definitions from Payout Condition 5)* [Redemption (i)] [Redemption (ii) - Call] [Redemption (iii) - Put] [Redemption (iv)] [Redemption (v) - Multiplier] [Redemption (vi) - Digital] [Redemption (vii) - Digital with Knock-in] [Redemption (viii) –Strike Podium n Conditions] [Redemption (ix) - Versus Standard] [Redemption (x) – Versus] [Redemption (xi) – Knock-in Standard] [Redemption (xii) - Twin Win] [Redemption (xiii) – Himalaya] [Redemption (xiv) – Podium] [Redemption (xv) – Booster] [Redemption (xiv) – Bonus]
28.	**Automatic Early Redemption:**	[Applicable][Not applicable] *(If applicable, specify one of the following)* [ST Automatic Early Redemption][Target Automatic Early Redemption] (always insert 'Target Automatic Early Redemption Event' in relation to Accumulated Coupon) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Automatic Early Redemption Event:	[In respect of [any][all] Automatic Early Redemption Valuation Date[s] [from (i)=[*specify*] to (i)=[*specify*]] [for [each][the][relevant][any][all] Automatic Early Redemption Valution Period[s] [from ([i])=[*specify*] to ([i])=[*specify*]] [,the] [AER Value is: [greater than][greater than or equal to][less than][less than or equal to] the Automatic Early Redemption [Level][Price]][within the Automatic Early Redemption Range] *(repeat as necessary)*
(ii)	AER Value:	*[insert relevant value definition and where applicable relevant definitions from Payout Condition 5.1 and 5.2]*

(iii)	Automatic Early Redemption Payout:	The Automatic Early Redemption Amount shall be determined in accordance with the following formula: *(Insert relevant formula from payout annex)*
(iv)	Automatic Early Redemption Level/Price:	[*specify*] [per cent.][Not applicable]
(v)	Automatic Early Redemption Range:	From and [including][excluding] [specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level, or prices etc] [Not applicable]
(vi)	AER Percentage:	[*specify*] [per cent.][Not applicable] *(insert where ST Automatic Early Redemption applies)*
(vii)	Automatic Early Redemption Date(s):	[*specify*] [The date falling [*specify*] Business Days following [each][the] Automatic Early Redemption [Date][Period] in respect of which an Automatic Early Redemption Event has occurred]
(viii)	AER Additional Rate:	[AER Rate][*Insert relevant provisions from Payout Condition 5.1*][Not applicable] [AER Rate DCF][*Insert relevant provisions from Conditions*] [AER Rate MT][*Insert relevant provisions from Conditions*]
(ix)	[(i)] Automatic Early Redemption Valuation Date(s):	[*specify*] [Each [*specify*] [Scheduled Trading Day] falling within the [relevant] Automatic Early Redemption Valuation Period] *(repeat as necessary)*
(x)	[(ii) Automatic Early Redemption Valuation Period(s):]	[[from (i)=[*specify*] to [*specify*] [Each][The] period from [and including][but excluding][*specify*], to [and including][but excluding][*specify*] *(repeat as necessary)*
(xi)	Automatic Early Redemption Valuation Time:	[*specify*][Scheduled Closing Time][Any time [on the relevant Valuation Date][during the Automatic Early Redemption Valuation Period]
(xii)	Averaging:	Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above] [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply] [Specified Maximum Days of Disruption will be equal to: [*specify*][five] *(If no Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to*

five)

29.	**Issuer Call Option:**		[Applicable][Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph.)*
	(i)	Optional Redemption Date(s):	[*specify*]
	(ii)	Optional Redemption Valuation Date(s):	[*specify*][Not applicable]
	(iii)	Optional Redemption Amount:	[[*specify*] [per Calculation Amount] *(Insert relevant Optional Redemption Amount in respect of each relevant Optional Redemption Date. These may be set out in a table or annexed to the Final Terms)*
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[*specify*][Not applicable]
		(b) Higher Redemption Amount:	[*specify*][Not applicable]
	(v)	Notice periods:	Minimum period: [*specify*] Maximum period: [*specify*] [Not applicable] *(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
30.	**Noteholder Put:**		[Applicable][Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph.)*
	(i)	Optional Redemption Date(s):	[*specify*]
	(ii)	Optional Redemption Valuation Date (s):	[*specify*][Not applicable]
	(iii)	Optional Redemption Amount(s):	[[*specify*] [per Calculation Amount][The Optional Redemption Amount shall be determined in accordance with the following formula:
	(iv)	Notice period:	Minimum period: [*specify*][Not applicable] Maximum period: [*specify*][Not applicable] *(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information*

		through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
31.	**Index Linked Redemption:**	[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Index/Basket of Indices:	[*specify*][Reference Item[s][(k)]] [Composite][Non Composite] [Weighting: [Not applicable][[*specify*] [Each such Weighting shall be subject to adjustment in accordance withthe Index Linked Conditions]]
(ii)	Index Currency:	[*specify*]
(iii)	Exchange(s) and Index Sponsor:	(a) The relevant Exchange[s][is][are][*specify*]; and (b) the relevant Index Sponsor is[*specify*]
(iv)	Related Exchange:	[*specify*][All Exchanges][Not applicable]
(v)	Screen Page:	[*specify*][Not applicable]
(vi)	Strike Date:	[*specify*][Not applicable]
(vii)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
(viii)	Averaging:	Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [*specify*]][See paragraph [*specify*] above] [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply] [Specified Maximum Days of Disruption will be equal to: [*specify*][five]] *(If no Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
(ix)	Redemption Valuation Date(s):	[*specify*][Not applicable]
(x)	Redemption Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [[*specify*], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
(xi)	Observation Date(s):	[*specify*][Not applicable]

		[In the event that an Observation Date is a Disrupted Day[Omission][Postponement][Modified Postponement] will apply]
(xii)	Observation Period:	[*specify*][Not applicable]
(xiii)	Exchange Business Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)] *(standard election is All Indices Basis)*
(xiv)	Scheduled Trading Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)] *(must match election made for Exchange Business Day)*
(xv)	Index Correction Period:	[As set out in the Index Linked Conditions][*specify*]
(xvi)	Disrupted Day:	[As set out in the Index Linked Conditions][*specify*]
(xvii)	Index Adjustment Event:	[As set out in the Index Linked Conditions][*specify*] Delayed Redemption on Occurrence of Index Adjustment Event: [Applicable][Not applicable]
(xviii)	Additional Disruption Events:	[The following Additional Disruption Events apply to the Notes:] *(Specify each of the following which applies)* [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [The Trade Date is [specify](*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*) [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [*specify*] (*only applicable if Loss of Stock Borrow is applicable)* [The Initial Stock Loan rate in respect of [*specify in relation to each relevant Share*] is [*specify].(N.B. only applicable if Increased Cost is Stock Borrow is applicable)* Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]
(xix)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [*specify*][five] *(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to*

			five)
32.	**Equity Linked Redemption:**		[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Share/Basket of Shares:	[*specify*][Reference Item[s][(k)]] [Weighting: [Not applicable][*specify*] [Each such Weighting shall be subject to adjustment in accordance withthe Equity Linked Conditions]]
	(ii)	Share Currency	[*specify*]
	(iii)	ISIN of Share(s):	[*specify*]
	(iv)	Screen Page	[*specify*]
	(v)	Exchange	[*specify*]
	(vi)	Related Exchange(s)	[*specify*][All Exchanges][Not applicable]
	(vii)	Depositary Receipt provisions	[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
		(a) Details of Depositary Receipt:	[*specify name and ISIN code*]
		(b) Underlying Shares:	[*specify*]
		(c) Underlying Share Issuer	[*specify*]
		(d) Share Exchange	[*specify*]
	(viii)	Strike Date	[*specify*]
	(ix)	Strike Period [and Strike Days]	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
	(x)	Averaging	Averaging [applies][does not apply] to the Notes [The Averaging Dates are [*specify*]][See paragraph [*specify*] above] [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply.] [Specified Maximum Days of Disruption will be equal to: [*specify*][five]] *(If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
	(xi)	Redemption Valuation Date(s):	[*specify*]
	(xii)	Redemption Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation

		Period]] [[specify], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
(xiii)	Observation Date(s):	[*specify*][Not applicable] [In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply]
(xiv)	Observation Period:	[*specify*][Not applicable]
(xv)	Exchange Business Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
(xvi)	Scheduled Trading Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
(xvii)	Share Correction Period:	[As set out in Equity Linked Condition 8][*specify*]
(xviii)	Disrupted Days:	[As set out in Equity Linked Condition 8][*specify*]
(xix)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [*specify*][five] *(lf no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
(xx)	Extraordinary Events:	In addition to De-Listing, Insolvency, Merger Event and Nationalization, the following Extraordinary Events apply to the Notes: Tender Offer: [Applicable][Not applicable] Listing Change: [Applicable][Not applicable] Listing Suspension: [Applicable][Not applicable] Illiquidity: [Applicable][Not applicable] Delayed Redemption on Occurrence of Extraordinary Disruption Event: [Applicable][Not applicable]
(xxi)	Additional Disruption Events:	[Not applicable][The following Additional Disruption Events apply to the Notes: *(Specify each of the following which applies)* [Change in Law] [Hedging Disruption] [Insolvency Filing] [Failure to Deliver due to Illiquidity] *(N.B. Only applicable in the case of Physical Delivery Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Notes. Careful consideration should be given to whether Failure to*

		Deliver due to Illiquidity would apply to other Physical Delivery Notes) [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Stop-Loss Event] [Stop-Loss Event Percentage: [*specify*] per cent.] [The Trade Date is [specify].](*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*) [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [*specify*].] (*Only applicable if Loss of Stock Borrow is applicable*) [The Initial Stock Loan rate in respect of [*specify in relation to each relevant Share*] is [*specify*].] (*Only applicable if Increased Cost of Stock Borrow is applicable*) Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]
33.	**Inflation Linked Redemption:**	[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Index/Indices:	[*specify*][Reference Item[s][(k)]]
(ii)	Screen page/Exchange/CODE:	[*specify*]
(iii)	Index Sponsor:	[*specify*]
(iv)	Cut-Off Date:	[As per the Inflation Linked Conditions][*specify*]
(v)	Related Bond:	[*specify*][Fall Back Bond][Not applicable]
(vi)	Fall Back Bond:	[Applicable][Not applicable]
(vii)	Related Bond Redemption Event:	[As set out in Inflation Linked Condition 4][*specify*]
(viii)	Strike Date:	[*specify*][Not applicable]
(ix)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
(x)	Determination Date(s)	[*specify*]
(xi)	Additional Redemption Event:	[The following Additional Disruption Events apply to the Notes: *(Specify each of the following which applies)* [Change in Law]

		[Hedging Disruption] [Increased Cost of Hedging] [The Trade Date is [*specify*] (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)]
34.	**Fund Linked Redemption:**	[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Fund/Fund Basket:	[*specify*][Reference Item[s][(k)]] [The [*specify*] Fund is an Exchange Traded Fund] [Weighting: [*specify*][Not applicable] [Each such Weighting shall be subject to adjustment in accordance withthe Fund Linked Conditions]]
(ii)	Fund Shares:	[*specify*]
(iii)	Exchange:	[*Specify*][Not applicable] *(only applicable to ETFs)*
(iv)	Related Exchange:	[*Specify*][All Exchanges][Not applicable] *(only applicable to ETFs)*
(v)	Exchange Business Day:	[Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]] [Not applicable] *(only applicable to ETFs)*
(vi)	Scheduled Trading Day	[Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]] [Not applicable] *(only applicable to ETFs)*
(vii)	Strike Date:	[*Specify*][Not applicable] *(only applicable to ETFs)*
(viii)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
(ix)	Averaging:	Averaging [applies][does not apply] to the Notes [The Averaging Dates are [*specify*]][See paragraph [*specify*] above] [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply] [[Specified Maximum Days of Disruption will be equal to: [*Specify*][five]] *(If not Specific Maximum Days of Disruption are*

		stated, Specific Maximum Days of Disruption will be equal to five)
(x)	Observation Date(s)	[*specify*][Not applicable] In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply
(xi)	Observation Period(s)	[*specify*][Not applicable]
(xii)	Redemption Valuation Date:	[*specify*][Not applicable]
(xiii)	Valuation Time (only applicable to ETFs):	[Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [[specify], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount] *(If no time is specified, the Redemption Valuation Time will be the Scheduled Closing Time)*
(xiv)	Fund Service Provider:	[*specify*][As set out in Fund Linked Condition 7]
(xv)	Fund Documents:	[specify]
(xvi)	Fund Business Day:	[*specify*][(All Fund Share Basis)][(Per Fund Share Basis)][(Single Fund Share Basis)]
(xvii)	Initial Calculation Date:	[*specify*][As set out in Fund Linked Condition 7]][Not applicable]
(xviii)	Final Calculation Date:	[*specify*][As set out in Fund Linked Condition 7]][Not applicable]
(xix)	Calculation Date(s):	[*specify*][As set out in Fund Linked Condition 7][Not applicable]
(xx)	Exchange Rate:	[*specify*][Not applicable]
(xxi)	NAV Barrier:	[*specify*][Not applicable]
(xxii)	NAV Trigger Percentage:	[*specify*][As per the Fund Linked Condition 7][*specify*][Not applicable]
(xxiii)	NAV Trigger Period:	[As per the Fund Linked Conditions][*specify*]
(xxiv)	Basket Trigger Level:	[*specify*][Not applicable] [As set out in Fund Linked Condition 7][Not applicable]
(xxv)	Number of NAV Publication Days:	[*specify*] [As set out in Fund Linked Condition 7][Not applicable]
(xxvi)	Termination Amounts:	[Delta 1 Termination Amount][Principal Protected Termination Amount][Non Principal Protected Termination Amount][Not applicable]

(xxvii)	Delta 1 Termination Amount:	[*specify*][Not applicable]
(xxviii)	Protected Amount:	[*specify*][Not applicable]
(xxix)	Termination Date:	[*specify*][Not applicable]
(xxx)	Simple Interest Spread:	[*specify*][Not applicable][As set out in Fund Linked Condition 7]
(xxxi)	Spread:	[*specify*][Not applicable]
(xxxii)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [*specify*][five] *(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
(xxxiii)	Extraordinary Events:	As set out in Fund Linked Conditions Delayed Redemption on the Occurrence of an Extraordinary Fund Event: [Applicable][Not applicable]
(xxxiv)	Additional Extraordinary Fund Event:	[Not applicable][The following Additional Disruption Events apply to the Notes: *(Specify each of the following which applies)* [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Failure to Deliver due to Illiquidity] [The Trade Date is [specify].] (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*) *(Specify whether each Additional Extraordinary Fund Event is a Substitution Event or a Termination Event)]*
(xxxv)	Delayed Payment Cut-off Date:	[As set out in Fund Linked Condition 6][*specify*][Not applicable]

35. Credit Linked Redemption: [Applicable][Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i)	Type of Credit Linked Notes	[The Notes are [Single Reference Entity][First-to-Default][Nth to Default] Credit Linked Notes [and the Relevant Number is [*specify*]]] (*for Nth-to-Default Credit Linked Notes*) [Non-Tranched Linear Basket Credit Linked Notes where Credit Payment [on Maturity] [As You Go] applies] [Tranched Linear Basket Credit Linked Notes]
	(a)	[Credit Event Amount: [*specify amount*] *(NB*

		only use for zero recovery)][As set out in the Credit Linked Conditions] (b) [Credit Event Payment Date: *[specify if other than three*] Business Days]] [As set out in the Credit Linked Conditions]] *(NB (a) and (b) are only applicable for Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, otherwise delete (a) and (b))*
(ii)	Credit Event Redemption Amount:	[As set out in the Credit Linked Conditions][*specify amount*] *(NB only use for zero/set recovery that are not Linear Basket Credit Linked Notes)*
(iii)	Protected Amount:	[Applicable][Not applicable] *[specify amount if applicable]* (NB The Protected Amount shall be applicable in case of Single Reference Entity Credit Linked Notes, First-to Default Credit Linked Notes and Nth-to Default Credit Linked Notes only part of the Nominal Amount is exposed to the relevent Reference Entity/es)
(iv)	Unwind Costs:	[Applicable:][Standard Unwind Costs][Not applicable]
(v)	[(a)] Credit Event Redemption Date:	[Credit Linked Condition 13 applies][[*specify if other than three*] Business Days]
(vi)	[(b)] Maturity Credit Redemption:	[Applicable][Not applicable]] (*NB delete this line item (b) for Linear Basket Credit Linked Notes*)]
(vii)	Settlement Method: (see further items (xxvi) to (xlviii) below)	[Auction Settlement][Cash Settlement][Physical Delivery] [Not applicable:][Zero/Set Recovery Notes][Tranched Linear Basket Credit Linked Notes]
(viii)	Trade Date:	[specify]
(ix)	Calculation Agent City:	[*specify*][As per the Physical Settlement Matrix]
(x)	Business day Convention:	[Following][Modified Following][Preceding] Business Day Convention
(xi)	Reference Entity(ies):	*[specify] (NB these may be set out in the form of a table or by reference to a credit derivatives index setting out the applicable names (in which circumstances, include the following text and any details of the date/version of the referenced credit derivatives index: "Each Reference Entity comprising the [specify name of index] on the [Issue/Trade] Date. No adjustments to the terms of the Notes shall be made to reflect subsequent versions or reconstitutions of the [specify name of index]."). All relevant items below should be*

		completed in respect of each Reference Entity (repeating items where necessary) which may also be done by including the Reference Entities and such items in a table)
(xii)	Physical Settlement Matrix:	[Applicable, [for which purpose the Date of the Physical Settlement Matrix is [*specify*]]][Not Applicable] *(if Applicable, specify in relation to each Reference Entity its Transaction Type)*
(xiii)	Transaction Type	[Not applicable] (*insert in relation to each Reference Entity if item (xiii) applies. (e.g.: 'European Corporate'.*))
(xiv)	Reference Entity Notional Amount:	*[specify in respect of each Reference Entity*][Not applicable]
(xv)	Reference Obligation(s)	[specify] (*NB – where Standard Reference Obligation is applicable and no Reference Obligation is cited on the SRO list or if Standard Reference Obligation is not applicable then insert*) Standard Reference Obligation: [Not applicable][Applicable] Seniority Level: [Senior Level][Subordinated Level][As per Credit Linked Conditions 13] [Not applicable] (*NB this can only be specified for Physically Settled Notes - the Reference Obligation section must be inserted when Notes are Cash Settled*) (*NB where Standard Reference Obligation is applicable and no Reference Obligation is cited on the SRO list or if Standard Reference Obligation is not applicable then insert(a)-(e) below, otherwise, delete*)
	(a) Primary Obligor:	[*specify*]
	(b) Guarantor:	[*specify*]
	(c) Maturity:	[*specify*]
	(d) Coupon:	[*specify*]
	(e) CUSIP/ISIN:	[*specify*]
(xvi)	All Guarantees:	[As per the Physical Settlement Matrix][Applicable][Not applicable] [Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition 17 [Applicable][Not applicable]]*(delete if Physical Settlement Matrix applies)*
(xvii)	Credit Events:	[As per the Physical Settlement Matrix]

			[Bankruptcy] [Failure to Pay] [Grace Period Extension] [Applicable][Not applicable] [If applicable: Grace Period: [*specify*] [Obligation Default] [Obligation Acceleration] [Repudiation/Moratorium] [Restructuring] [Provisions relating to Restructuring Credit Event: Credit Linked Condition 14: [Applicable][Not applicable][[Mod R/Mod Mod R] applicable]] [Provisions relating to Multiple Holder Obligation: Credit Linked Condition 15: [Applicable][Not applicable]] [Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable][Not applicable]] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable][Not applicable]] [Governmental Intervention]
	(a)	Default Requirement:	[*specify*] [As per Credit Linked Condition 13]
	(b)	Payment Requirement:	[*specify*] [As per Credit Linked Condition 13]
(xviii)	Credit Event Determination Date:		Notice of Publicly Available Information: [Applicable][Not applicable] [*If Applicable:* Public Source(s): [*specify*] Specified Number: [*specify*]]
(xix)	Obligation(s):		
	(a)	Obligation Category:	[As per the Physical Settlement Matrix] [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] *(select one only)*
	(b)	Obligation Characteristics:	[As per the Physical Settlement Matrix] [Not Subordinated] [Specified Currency: [*specify currency*/[Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [*specify currency*]] [Not Domestic Law] [Listed] [Not Domestic Issuance] *(select all of which apply)*
(xx)	Additional Obligation(s):		[*specify*]

(xxi)	Excluded Obligation(s):	[*specify*]
(xxii)	Domestic Currency:	[As per the Credit Linked Conditions][Not applicable] [*specify*]
(xxiii)	Accrual of Interest upon Credit Event:	[Applicable][Not applicable] [Continuing Accrual until scheduled maturity applicable] (*Note: this option only to be specified if Maturity Credit Redemption applies*) [Credit Linked Condition 5 not applicable] (*this option only for Linear Basket Credit Linked Notes*)
(xxiv)	Merger Event:	Credit Linked Condition 12: [Applicable][Not applicable] [*If applicable:* [Merger Event Redemption Date:[*specify*]] [Merger Event Redemption Amount: [*specify*]]
(xxv)	Provisions relating to Monoline Insurer as Reference Entity:	Credit Linked Condition 16: [Applicable][Not applicable]
(xxvi)	Provisions relating to LPN Reference Entities:	Credit Linked Condition 18: [Applicable][Not applicable]
(xxvii)	Redemption on failure to identify a Substitute Reference Obligation:	[Applicable][Not applicable]

Terms relating to Cash Settlement

(delete section and renumber if not applicable as Settlement Method or Fallback Method)

(xxviii)	Valuation Date:	[Applicable][Not applicable] [Single Valuation Date: [*specify*] Business Days] [Multiple Valuation Dates: [*specify*] Business Days; and each [specify] Business Days thereafter; Number of Valuation Dates: [*specify*]]
(xxix)	Valuation Time:	[*specify*] [As per Credit Linked Condition 13]
(xxx)	Indicative Quotations:	[Applicable][Not applicable]
(xxxi)	Quotation Method:	[Bid][Offer][Mid-market] [As per Credit Linked Condition 13]
(xxxii)	Quotation Amount:	[*specify*][Representative Amount][Credit Linked Conditions apply]
(xxxiii)	Minimum Quotation Amount:	[*specify*] [As per Credit Linked Condition 13]
(xxxiv)	Quotation Dealers:	[*specify*]
(xxxv)	Quotations:	[Include Accrued Interest][Exclude Accrued Interest]
(xxxvi)	Valuation Method:	[Market][Highest]

		[Average Market/Highest][Average Highest] [Blended Market][Blended Highest] [Average Blended Market][Average Blended Highest] [As per Credit Linked Condition 13]

Additional terms relating to Auction Settlement

(delete section and renumber if not applicable as Settlement Method or Fallback Method)

(xxxvii)	Fallback Settlement Method	[Cash Settlement][Physical Delivery]
(xxxviii)	Successor Backstop Date subject to adjustment in accordance with Business Day Convention:	[Yes][No]
(xxxix)	Limitation Dates subject to adjustment in accordance with Business Day Convention:	[Yes][No]

Terms relating to Physical Delivery

(delete section and renumber if not applicable as Settlement Method or Fallback Settlement Method but note may be needed for Auction elections in which case do not delete)

(xl)	Physical Settlement Period:		[[*specify*]] Business Days][Not applicable]
(xli)	Accrued Interest on Entitlement:		[Include Accrued Interest][Exclude Accrued Interest][Not applicable]
(xlii)	Settlement Currency:		[*specify*][Not applicable]
(xliii)	Deliverable Obligations:		
	(a)	Deliverable Obligation Category	[Payment][Borrowed Money][Reference Obligations Only][Bond] [Loan] [Bond or Loan][As per the Physical Settlement Matrix][Not applicable] *(select one only)*
	(b)	Deliverable Obligation Characteristics	[Not Subordinated] [Specified Currency: [*specify currency*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [*specify currency*]] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] [*specify*]] [Maximum Maturity: [ ] years] [Accelerated or Matured] [Not Bearer] [As per the Physical Settlement Matrix] [Not Applicable]
(xliv)	Asset Package Delivery:		[Applicable][Not applicable][As per Physical Settlement Matrix]
(xlv)	Additional Deliverable Obligation(s):		[*specify*][Not applicable]
	(a)	Excluded Deliverable Obligation(s):	[*specify*][Not applicable]

	(b)	Indicative Quotations:	[Applicable][Not applicable]
	(c)	Delivery provisions for Entitlement if different from General Conditions and Credit Linked Conditions:	[*specify*][Not applicable]
(xlvi)	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable:		[Applicable][Not applicable]
(xlvii)	Modified Restructuring Limitation and Conditionality Transferrable Obligation Applicable:		[Applicable][Not applicable]
(xlviii)	Reference Obligation Only Termination Amount:		[Applicable][Not applicable] (NB: to be specified for the purposes of Credit Linked Condition 21 for Reference Obligation Only Notes relating to a single Reference Entity issued pursuant to Annex 6.)
(xlix)	Qualifying Participation Seller:		[*insert*][Not applicable]

Terms relating to Zero/Set Recovery Notes

(delete section and renumber if not applicable applicable)

(l)	Set/Zero Recovery Price:	*[Insert percentage in relation to each Reference Entity, which may be zero]*

Terms relating to Tranched Linear Basket Credit Linked Notes

(delete section and renumber if not applicable)

(li)	H:	*[insert number of Reference Entities that are equal to the higher tranche level]*
(lii)	L:	*[insert number of Reference Entities that are equal to the lower tranche level]*

36.	**Foreign Exchange (FX) Rate Linked Redemption:**	[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* *(In respect of Credit Linked Notes)* [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
(i)	Base Currency:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]]
(ii)	Subject Currency/Currencies:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]]

	(iii)	Additional Disruption Event:	(*Specify each of the following which applies*) [Change in Law][Hedging Disruption][Increased Cost of Hedging] [Trade Date means [*specify*]] (*insert where Change in Law applies*) Delayed Redemption on the Occurrence of a Disruption Event: [Applicable][Not applicable]
	(iv)	Averaging:	Averaging [applies][does not apply] to the Notes [The Averaging Dates are [*specify*]][See paragraph [ ] above] [Specified Maximum Days of Disruption will be equal to: [*specify*][five] [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply] *(If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
	(v)	Observation Date(s):	[*specify*][Not applicable]
	(vi)	Observation Period(s):	[*specify*][Not applicable]
	(vii)	Price Source:	[*specify*]
	(viii)	Relevant Screen Page:	[*specify*]
	(ix)	Strike Date:	[*specify*][Not applicable]
	(x)	Strike Period [and Strike Days]:	[*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
	(xi)	Redemption Valuation Date(s):	[*specify*][Not applicable]
	(xii)	Valuation Time:	[*specify*][Not applicable]
	(xiii)	Weighting:	[*specify*][Not applicable]
37.	**Combination Note Redemption:**		[Applicable][Not applicable] *(Applicable in relation to Reference Item Notes linked to a combination of types of Reference Items)* *(If applicable, complete relevant prompts from Paragraphs 31 to 36 above)*
38.	**Provisions applicable to Instalment Notes:**		[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Instalment Amounts:	[*specify*]
	(ii)	Instalment Dates:	[*specify*]

39.	**Provisions applicable to Physical Delivery:**		[Applicable [in accordance with the Credit Linked Conditions and paragraph [35] above] [*Specify*]] [Not applicable] *(If not applicable or the Notes are Credit Linked Notes, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Entitlement Amount:	*(Insert formula, relevant value(s) and other related definitions from Payout Condition 4)*
	(ii)	Relevant Asset(s):	[*specify*]
	(iii)	Cut-Off Date:	[*specify*][As specified in General Condition 5(b)]
	(iv)	Settlement Business Day(s):	[*specify*]
	(v)	Delivery Agent:	[Banco Bilbao Vizcaya Argentaria, S.A.] [Dealer] [*specify of specify address*]
	(vi)	Assessed Value Payment Amount:	[Applicable][Not applicable]
	(vii)	Failure to Deliver due to Illiquidity:	[Applicable][Not Applicable]
40.	**Provisions applicable to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:**		[Not Applicable][*give details*]
41.	**Variation of Settlement:**		[Not applicable][The Issuer [has][does not have] the option to vary settlement in respect of the Notes as set out in General Condition 5(b)(ii)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

42.	**Form of Notes:**	[Book-Entry Notes: [Uncertificated, dematerialised book-entry form notes (*anotaciones en cuenta*) registered with Iberclear][*other*] [as managing entity of the Central Registry][*other registry*]][*other*]. [Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time][only upon an Exchange Event [including][excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given [at any

			time][only upon an Exchange Event [including][excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]] [Registered Notes: [Regulation S Global Note (*specify nominal amount*) registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]][Registered Global Note (*specify nominal amount*) registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))][Rule 144A Global Note *specify nominal amount*) registered in the name of a nominee for DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)))][Definitive IAI Registered Notes (specify nominal amounts)][Registered Notes in definitive form (*specify nominal amounts*)]]
	New Global Note (NGN):		[Yes][No] (Note that Book–Entry Notes are not New Global Notes)
43.	(i)	Financial Financial Centre(s)	[Not Applicable][*give details*]
	(ii)	Additional Business Centre(s)	[Not applicable] [*specify*] *(Note that this paragraph relates to the place of payment and not interest period end dates. All relevant Financial Centre(s) (including the location of the relevant agent(s)) should be included other than Target)*
44.	**Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):**		[Yes as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupons are still to be made][No]
45.	**Redenomination, renominalisation and reconventioning provisions:**		[Not applicable][The provisions in General Condition 8 apply] *(N.B.: Only applicable for Notes not denominated in EUR)*
46.	**Agents:**		[Banco Bilbao Vizcaya Argentaria, S.A. to act as Principal Paying Agent and Calculation Agent through its specified office at Calle Sauceda 28, 28050 Madrid, Spain]

	[other agency roles to be specified] *(If another entity appointed as one or more agent, specify name, address and function. Document appointing such entity to be entered into on or before the Issue Date and made available, together with other documents, at the specified office of the Principal Paying Agent)* *(N.B. Separate entities more likely to be required if Bearer or Registered Notes)*
47. Additional selling restrictions:	[The [Dealer][Managers] shall only offer the Notes to: [investors who acquire the Notes for a total consideration of at least EUR100,000 (or its equivalent) per investor] [The Notes are addressed only to qualified investors][Not Applicable][*give details*]

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised

FORM OF APPLICABLE FINAL TERMS

PART B –OTHER INFORMATION

1. Listing and Admission to trading

	[Application has been made for the Notes to be admitted to trading on [AIAF][other spanish regulated market] [with effect from [*specify*]] (Unless the minimum denomination of the Notes is EUR100,000 or more (or its equivalent in the relevant currency as at the date of issue) and the Notes are Derivative Securities, indicate in the case of a fungible issue that original Notes are already admitted to trading)
Estimated of total expense related to admission of trading: *(Delete if the minimum Denomination is less than €100,000 (or its equivalent in any other currency as at the date of issue) or if the Notes are Derivative Securities)*	[*specify*]

2. Ratings

Ratings:	[The Notes have not been rated [The Notes to be issued [[have been][are expected to be]] rated:] [S&P:*[*specify*]] [Moody's:*[*specify*]] [Other*]: [*specify*]
(Delete the rest of this paragraph 2 unless the Notes are to be listed on a regulated market)	[[*Inserting rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [[*Insert rating agency*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]] [[*Insert the legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [*Insert the legal name of relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].] [[*Insert legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [*insert the legal name of the*

relevant EU-registered credit rating agency entity] in accordance with CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU-registered credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.] The European Securities Markets Authority has indicated that ratings issued in [Japan][Australia][the USA][Canada][Hong Kong][Singapore][Argentina][Mexico [(*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [[is][has applied to be]] certified in accordance with the CRA Regulation [[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation][[OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of*

the relevant non-EU credit rating agency entity][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan][Australia][the USA][Canada][Hong Kong][Singapore][Argentina][Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]][5]]

3. [Interests of Natural and Legal Persons Involved in the Issue

[Save for any fees payable to the Dealer[s]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.] [A fee has been paid by the Dealer to a third party [distributor]. For specific and detailed information on the nature and quantity of such fee, the investor should contact the [distributor][*specify*] of the Notes][The Notes have been sold by the Dealer to a third party distributor at a discount to the specified issue price. For specific and detailed information on the nature and quantity of such discount, the investor should contact the [distributor][*specify*] of the Notes]

(When completing, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the prospectus Directive)

4. Reasons for the Offer, Estimated Net Proceeds and Total Expenses[6]

(i)	Reasons for the offer:	[See "*Use of Proceeds*" wording in Base Prospectus] [The net proceeds from each issue of Notes will be deposited with the Guarantor.]
(i)	Estimated net proceeds:	[*specify*] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
(ii)	Estimated total expenses:	[*specify*] *(Include breakdown of expenses into each principal intended "use", presented in order of priority of such "uses")*

[5] Repeat for each credit rating.

[6] Delete this section for Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue) and which are not derivative securities.

5. Yield [7]

Indication of yield: [specify]

[N.B. An indication of the yield may only be calculated for Fixed Rate and may not be determined for Notes that bear or pay interest determined by reference to a floating rate and/or a rate calculated by reference to one or more Underlying Reference(s)]

[Describe the method whereby that yield is calculated in summary form – N.B. Only applicable to Notes with a denomination of less than EUR100,000 (or its equivalent in the relevant currency as at the date of issue) which are not derivative securities for the purposes of the Prospectus Directive.]

[The yield is calculated at the Issue Date on the basis of the Issue Price and on the assumption that the Notes are not subject to ealy cancellation or, if applicable, no Credit Event occurs.]. [The yield will be calculated as the rate of interest that, when used to discount each scheduled payment of interest and principal under the Notes from the Scheduled Maturity Date back to the Issue Date, yields amounts that sum to the Issue Price] [It is not an indication of future yield.]

6. Historic Rates of Interest- Floating Rate Notes Only

Details of historic [LIBOR][EURIBOR] rates can be obtained from [Reuters] [and/or] [Bloomberg]

7. [Performance of [Index][Share][Inflation][Foreign Exchange Rate][Fund][Reference [Entity][Entities][Formula], Explanation of Effect on Value of Investment and Associated Risks and Other Information concerning the Underlying[8]

[Need to include details of where past and future performance and volatility of the index/share/rate/reference entity/fund/other variable can be obtained and a clear and comprehensive explanation. [Where the underlying is an index need to include the name of the index and details of where the information about the index can be obtained

[Include examples on how the performance of the underlying may affect to interest amount (if any) or redemption amount (if any) payable under the Notes]

[Where the underlying is a security need to include the name of the issuer of the security and the ISIN or equivalent identification number. Where the underlying is a basket of underlying, need to include the relevant weightings of each

[7] Delete this section in the case Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue) or where the Notes are derivative securities for the purposes of the Prospectus Directive idenpendently of wheter the Notes have a denomination of € 100,000 or not.

[8] Delete this section in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue) or where the Notes are not derivative securities for the purposes of the Prospectus Directive.

underlying in the basket. Where the underlying is an interest rate need to include a description of the interest rate]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]

8. Operational Information

(i)	ISIN Code:	[*specify*]
(ii)	Common Code:	[*specify*]
(iii)	CUSIP:	[*specify*]
(iv)	Other Code(s):	[*specify*][Not applicable]
(v)	Any clearing system(s) other than Iberclear, Euroclear Bank S.A./N.V, Clearstream Banking, société anonyme and the Depository Trust Company approved by the Issuer and the Principal Paying Agent and the relevant identification number(s):	[Not applicable][*give name(s)*]
(vi)	Delivery:	Delivery [against][free of] payment
(vii)	Additional Paying Agent(s) (if any):	[*specify*]

9. DISTRIBUTION

9.1.	Method of distribution:	[Syndicated][Non-syndicated]
9.2.	(i) If syndicated, names [and addresses] of Managers [and underwriting commitments:	[Not applicable][give names [and addresses] of each entity acting as underwriter [and its respective underwriting commitments]] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
	(ii) Date of Subscription Agreement:	[ ]
	(i) Stabilising Manager(s) (if any):	[Not applicable][*give name*]
9.3.	If non-syndicated, name [and address] of relevant Dealer:	[Not applicable][*give name* [*and address*]]
9.4.	Non-exempt Offer:	[Applicable] [Not Applicable] *(If not applicable, delete the remaining placeholders of this paragraph 9.4 and also paragraph 10] below).*
	Non-exempt Offer Jurisdictions:	*[Specify relevant Member State(s) where the Issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions, select from that list),*

	which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]
Offer Period:	[[*Specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls* [*specify*] *Business Days thereafter*"]
Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it:	*[Insert names and addresses of financial intermediaries receiving consent (specific consent)]* *(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non- exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified / passported.)*

10. Terms and Conditions of the Offer[9]

[Applicable][Not applicable]

[The Notes will be offered to the public in each Non-exempt Offer Jurisdictions in accordance with the arrangements listed below.]

10.1.	Offer Price:	[Not applicable][See 10.10 below][*give details*]
10.2.	[Conditions to which the offer is subject:]	[Not applicable][*give details*] [Offers of the Notes are conditional on their issue and are subject to such conditions as are set out in the [Distribution Agreement], As between Dealers and their customers (including Authorised Offerors) or between Authorised Offerors and their customers offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]
10.3.	[Description of the application process]:	[Not applicable][*give details*]
10.4.	[Details of the minimum and/or maximum amount of application]:	[Not applicable][*give details*]
10.5.	[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants]:	[Not applicable][*give details*]
10.6.	[Details of the method and time limits for paying up	[Not applicable][*give details*]

[9] Not applicable in respect of Notes with a denomination of at least €100,000 (or equivalent in another currency)

	and delivering the Notes:]	*(NB: Under normal circumstances, on the Issue Date, allocated Notes will he made available to the Dealer(s)/Authorised Offerors in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg.)*
10.7.	[Manner in and date on which results of the offer are to be made public:]	[Not applicable][*give details*] *(If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published).)*
10.8.	[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercise:]	[Not applicable][*give details*]
10.9.	[Whether tranche(s) have been reserved for certain countries:]	[Not applicable][*give details*]
10.10.	Indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure:	[Not applicable] [The Issuer had offered and will sell the Notes to the Dealer(s) (and no one else) at the Issue Price of [*specify*] [less a total commission of [*specify*]]. The Dealer(s) and Authorised Offerors will offer and sell the Notes to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the Authorised Offers) or each such Authorised Offeror and its customers by reference to the Issue Price and the market conditions prevailing at the time.]
10.11.	[Process for notification to applications of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable][*give details*] [Prospective Noteholders will be notified by the relevant Dealer(s) and Authorised Offeror in accordance with the arrangements in place between such Dealer(s) or Authorised Offeror and its customers. Any dealing in the Notes, which take place will be at the risk of the prospective Noteholders.]
10.12.	[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable][*give details*]
10.13.	[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	The Authorised Offerors are identified in 9.5 above.

11. [Index/Other Disclaimer

The issue of this series of Notes (in this paragraph, the "Transaction") is not sponsored, endorsed, sold, or promoted by [*NAME OF INDEX/OTHER*] (the "Index") or [*NAME OF INDEX/OTHER SPONSOR*] (the "Index Sponsor") and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Transaction. The Issuer shall not have any liability for any act of failure to act by the Index Sponsor in connection

with the calculation adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, none of the Issuer or its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.]

(Insert unless the relevant Index has a bespoke disclaimer, in which case, substitute such bespoke disclaimer)

(Delete this section 11 if not required)

[[The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Programme Agreement]. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with, including the Financial Intermediaries. The Issuer shall not be liable for any offers, sales or purchase of Notes by the Dealer(s) or Financial Intermediaries in accordance with the arrangements in place between any such Dealer or any such Financial Intermediary and its customers.]

[[Each [of] the Dealer(s) has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer(s) to acknowledge and agree, that for the purpose of offer(s) of the Notes, the Issuer has passported the Base Prospectus in each of the Public Offer Jurisdictions and will not passport the Base Prospectus into any other European Economic Area Member State; accordingly, the Notes may only be publicly offered in Public Offer Jurisdictions or offered to Qualified Investors (as defined in the Prospectus Directive) in any other European Economic Area Member States and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.]]].[10]

[10] Delete in respect of Notes with a denomination of at least €100,000 (or equivalent in another currency)

FORM OF APPLICABLE FINAL TERMS

SUMMARY OF NOTES

(Insert completed summary for the Notes, unless minimum denomination is equal to or greater than €100,000 (or its equivalent in any other currency)

TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the "**General Conditions**", and each, a "**General Condition**") which will be incorporated by reference into each Global Note (as defined below) and endorsed upon each definitive Note. The Final Terms (as defined below) (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note.*

*The additional terms and conditions contained in Annex 1 in respect of payouts (the "**Payout Conditions**"), Annex 2 in the case of Index Linked Notes (the "**Index Linked Conditions**"), Annex 3 in the case of Equity Linked Notes (the "**Equity Linked Conditions**"),Annex 4 in the case of Inflation Linked Notes (the "**Inflation Linked Conditions**"), Annex 5 in the case of in the case of Fund Linked Notes (the "**Fund Linked Conditions**"), Annex 6 in the case of Credit Linked Notes (the "**Credit Linked Conditions**") and Annex 7 in the case of Foreign Exchange (FX) Rate Linked Notes (the "**Foreign Exchange (FX) Linked Conditions**") (each as defined below, an "**Annex**", and together, the "**Annexes**") will apply to the Notes if so specified in the Final Terms.*

Reference should be made to "Form of Notes" below for a description of the content of Final Terms which will include the definitions of certain terms used in these General Conditions or specify which of such terms are to apply in relation to the relevant Notes.

Each Note is one of a Series (as defined below) of Notes issued by BBVA Global Markets B.V. (the "Issuer") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of a Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Notes Currency;

(ii) any Global Note; and

(iii) any definitive Notes in bearer form ("**Definitive Bearer Notes**") issued in exchange for a Global Note in bearer form and in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

(iv) in respect of Notes in book-entry form (Book-Entry Notes), units of the lowest Specified Denomination in the Specified Currency.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of, and shall be issued in the form established in, the Agency Agreement (the "**Agency Agreement**") dated 29 March 2016 made between the Issuer, Banco Bilbao Vizcaya Argentaria, S.A. as guarantor (the "**Guarantor**") and as principal paying agent, Spanish paying agent, calculation agent, transfer agent and the registrar (the "**Principal Paying Agent**", the "**Spanish Paying Agent**" (and, together with the Principal Paying Agent and any other paying agent specified in the applicable Final Terms, the "**Paying Agents**"), the "**Calculation Agent**", the "**Transfer Agent**" and the "**Registrar**", respectively, which expressions shall include, where applicable, any additional or successor principal paying agent, Spanish paying agent, calculation agent, transfer agent or registrar). The Paying Agents, the Calculation Agent, the Transfer Agent and the Registrar, together with any Delivery Agent specified in the Final Terms are referred to as the "**Agents**". Unless otherwise stated in the Final Terms, Banco Bilbao Vizcaya Argentaria, S.A. will act as Principal Paying Agent, Register and Calculation Agent of the Notes.

The final terms for each Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on the relevant Note which supplement, and will be read in conjunction with, these General Conditions. References to the "**Final Terms**" are to the final terms (or the relevant provision thereof) attached or endorsed on the relevant Note. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The payment of all amounts in respect of each Note have been guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") dated 29 March 2016 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

As regards "**Certificated Notes**" (a) any reference to "**Noteholders**" or "**holders**" in relation to any Certificated Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name

the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below; (b) and any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As regards Book-Entry Notes, any reference to **"Noteholders"** or **"holders"** in relation to Book-Entry Notes shall mean the persons registered in the central registry (the "**Central Registry**") maintained by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores*, *S.A., Unipersonal* (**"Iberclear"**) or in the registry maintained by the relevant member (*entidad participante*) of Iberclear (**"Iberclear Member"**). Any reference herein to Receipts, Coupons and Talons and to their respective holders shall not be applicable.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 (a) expressed to be consolidated and form a single series and (b) 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 (each as defined below).

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 29 March, 2016 and made by the Issuer. The original of the Deed of Covenant is held by the Issuer.

Copies of the Guarantee, the Deed of Covenant and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent and the Issuer. Copies of the Final Terms will be available for viewing at the offices of the Issuer and Guarantor (Sauceda 28, 28050 Madrid (Spain) and Paseo de la Castellana 81, 28046 Madrid (Spain)) and copies may be obtained from the Principal Paying Agent at its specified Office.. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed Poll, the Deed of Covenant and the Final Terms which are applicable to them. The statements in the General Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

1. Form, Denomination And Title

(a) Form and Denomination

The Notes are in bearer form ("**Bearer Notes**"), registered form ("**Registered Notes**") or Book-entry form ("**Book Entry Notes**") and, in the currency (the "**Specified Notes Currency**") and the denomination(s) (the "Specified **Denomination(s)**") specified in the Final Terms and definitive Notes will be serially numbered. Certificated Notes of one Specified Denomination may not be exchanged for Certificated Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa. Book-Entry Notes may not be exchanged for Certificated Notes and vice versa.

If a Note is a definitive Bearer Note (a "**Definitive Bearer Note**"), it is issued with coupons for the payment of interest ("**Coupons**") attached and, if applicable, talons for further Coupons ("**Talons**") attached unless it is a Zero Coupon Note (as defined below) in which case references to interest (other than in the case of late payment) and Coupons in these General Conditions are not applicable. If it is a Definitive Bearer Note that is an Instalment Note (as defined below) it is issued with receipts ("**Receipts**") for the payment of instalments of principal prior to stated maturity attached. Any reference in these General Conditions to Coupon(s) or Couponholder(s) shall, unless the context otherwise requires, be deemed to include a reference to Talon(s) or Talonholder(s).

(b) Type of Notes

A Note is, to the extent specified in the Final Terms, (i) a Note bearing interest on a fixed-rate basis (a "**Fixed Rate Note**"), (ii) a Note bearing interest on a floating-rate basis (a "**Floating Rate Note**"), (iii) a Note issued on a non-interest bearing basis and offered and sold at a discount (other than a de minimis discount) to its nominal amount or at par and to which the Zero Coupon Notes provisions are expressed to be applicable (a "**Zero Coupon Note**"), and/or (iv) a Reference Item Linked Note (as defined below).

A Note may, to the extent specified in the Final Terms, also be (i) a Note which is redeemable in instalments (an "**Instalment Note**"), (ii) a Note upon which payment of principal and interest may be in more than one currency (a

"**Dual Currency Note**"), (iii) a Note issued on a partly paid basis (a "**Partly Paid Note**") or a (iv) a Reference Item Linked Note.

"**Reference Item Linked Note**" means a Note whose return (whether in respect of any interest payable (such note a "**Reference Item Linked Interest Note**" as defined in Annex 1 – Payout Conditions) on such Note and/or its redemption amount) is linked to one or more Reference Items, including indices (an "**Index Linked Note**") or shares or depositary receipts (an "**Equity Linked Note**") or inflation indices (an "**Inflation Linked Note**") or reference rate(s) (a "**Reference Rate Linked Note**"), or fund shares or units (a "Fund Linked Note") or the credit of a specified entity or entities (a "**Credit Linked Note**") or foreign exchange rates (a "**Foreign Exchange (FX) Rate Linked Note**") or any combination thereof (a "**Combination Note**") as specified in the Final Terms.

"**Reference Item**" means one or more underlying reference assets, entities or bases, as may be specified in the Final Terms.

A Note may, as provided in the Final Terms, provide that settlement will be by way of cash settlement ("**Cash Settled Notes**") or physical delivery ("**Physical Delivery Notes**").

(c) Title

Subject as set out below, title to Bearer Notes, Coupons and Receipts will pass by delivery, and title to Registered Notes will pass upon registration of transfers, in accordance with the provisions of the Agency Agreement. The holder of each Coupon or Receipt, whether or not such Coupon or Receipt is attached to a Bearer Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. The Issuer, the Guarantor and any Paying Agent, to the extent permitted by applicable law, may deem and treat the bearer of any Bearer Note, Coupon or Receipt as the absolute owner thereof (whether or not such Bearer Note, Coupon or Receipt shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Bearer Global Note, without prejudice to the provisions set out below.

The Issuer has appointed the entity specified in the Final Terms at its office specified below to act as registrar of the Registered Notes (the "**Registrar**").

(d) Notes in Global Form

For as long as any of the Notes are represented by a Global Note held by or on behalf of Euroclear Bank S.A./N.V. ("**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 Guarantor and the 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 Guarantor and any Agent 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.

Notes which are 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.

Except in relation to Notes indicated in the Final Terms as being in New Global Note form, references 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 Final Terms or as may otherwise be approved by the Issuer and Principal Paying Agent.

If Registered Notes are represented by a Registered Global Note, such Registered Global Note will be registered in the name of a nominee for a common safekeeper (if the Registered Global Note is issued under the new safekeeping

structure ("**NSS**")) or a common depositary (if the Registered Global Note is not issued under the NSS) on behalf of, in either case, Euroclear and Clearstream Luxembourg or in the name of a nominee for an alternative clearing system or in the name of such other person as the Final Terms shall provide.

(e) Book-Entry Notes

Book-Entry Notes may be transferred and title to the Book-Entry Notes may pass, in accordance with Spanish law and with all rules, restrictions and requirements of Iberclear (or, as the case may be, the relevant Iberclear Member), upon registration in the Central Registry or, as the case may be, the registry maintained by the relevant Iberclear Member. Each Holder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Book-Entry Note for all purposes and no person will be liable for so treating the Holder.

The creation of limited in rem rights or any other encumbrance on the Book-Entry Note must be entered in the corresponding account and effected in accordance with the then current procedures of Iberclear (or relevant Iberclear Member).

One or more certificates evidencing the relevant Noteholder's holding of Book-Entry Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder is itself a Iberclear Member, by Iberclear (in each case, in accordance with the requirements of Spanish law and the procedures of the relevant Iberclear Member or, as the case may be, Iberclear) to such Noteholder upon such Noteholder's request.Transfers of Registered Notes.

2. Transfer 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 Specified Denominations set out in the 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

Subject as provided in paragraph (e) below 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 Specified Denominations set out in the 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 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 relevant Transfer Agent and (ii) 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 scheduled to the Agency Agreement). Subject as provided above, 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 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) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under General Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) 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.

(e) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(f) Minimum Tradeable Amount

Where a "**Minimum Tradable Amount**" is specified in the Final Terms, Notes will be transferable only in a minimum aggregate amount of Specified Denominations equal to the Minimum Tradable Amount specified in the Final Terms.

The Issuer, the Guarantor, the Dealer, the Principal Paying Agent or any other party to this Programme shall not be liable to any Noteholder for any loss arising by operation of this General Condition 1 (2).

3. Status Of The Notes And The Guarantee

(a) Status of the Notes

The Notes and any related Coupons and Receipts are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank pari passu, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's right.

In the event of insolvency of the Issuer, the court having jurisdiction to open an insolvency proceeding and the law applicable to those proceedings and their effects will be determined in accordance with the provisions of Council Regulation (EC) No 1346/2000, of 29th May 2000, on insolvency proceedings ("**Regulation 1346/2000**"), the Spanish Insolvency Law 22/2003, of 9th July 2003, as amended (the "**Insolvency Law**") and the Dutch Insolvency Law (*faillissementswet*) of 30th September, 1893, as most recently amended on 13th March, 2008 (the "**Dutch Insolvency Law**"). Pursuant to these provisions, the courts of the place where the Issuer has its centre of main interests shall have jurisdiction to open insolvency proceedings against it and the law applicable to the insolvency proceedings and their effects will be the law of the place where such proceedings are opened.

Under Regulation 1346/2000 the centre of main interests should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In the case of a company or legal person, Regulation 1346/2000 presumes, in the absence of proof to the contrary, that the place of its registered office is the centre of main interests. Based on this presumption a Dutch court may consider that it has jurisdiction to open insolvency proceedings against the Issuer. Notwithstanding this presumption, it is arguable that the centre of main interests of the Issuer should be considered to be located in Spain and that the Spanish courts should be the courts with jurisdiction to open insolvency proceedings against it. In addition, even if the centre of main interests of the Issuer were not in Spain, the Spanish court could still open insolvency proceedings (named territorial insolvency proceedings) if they consider that the Issuer has an establishment within the territory of Spain, the effects of which would be limited to the assets of the Issuer situated in Spain.

In the event of insolvency (*faillissement*) of the Issuer declared by a Dutch court (either principal or territorial proceedings), claims relating to Notes will be *pari passu* claims (*concurrente vorderingen*) as defined in the Dutch Insolvency Law. Ordinary credits rank below credits against the insolvency estate (boedelschuld) and credits with a privilege (*voorrecht*). Ordinary credits rank above subordinated credits and the rights of shareholders.

In the event of insolvency (*concurso*) of the Issuer declared by a Spanish court (either principal or territorial insolvency proceedings) claims relating to Notes (which are not held by persons related to the Issuer under article 93 of the Spanish Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency estate (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*). Ordinary credits rank above subordinated credits and the rights of shareholders. In particular, in accordance with the insolvency procedures regulated in the Insolvency law, creditors whose rights arise from a Spanish public document, including Noteholders, do not have a preference to enforce their rights and do not rank ahead of other creditors whose rights may be recognised by virtue of a document not so witnessed.

(b) Status of the Guarantee

The payment of principal and interest in respect of the Notes and any related Coupons and Receipts and all amounts due under the Deed of Covenant in respect of the Notes and any related Coupons and Receipts has been unconditionally and irrevocably (*solidariamente*) guaranteed by the Guarantor pursuant to the Guarantee.

The obligations of the Guarantor under the Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor.

In the event of insolvency (*concurso*) of the Guarantor, under the Spanish Insolvency Law, claims from Noteholders under the Guarantee will fall within the category of ordinary credits (*créditos ordinarios*) as defined in the Spanish Insolvency Law (except in case statutory exceptions apply). Ordinary credits will rank below credits against the insolvency estate (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) which shall be paid in full before ordinary credits. The claims of all creditors considered as "ordinary credits" against the Guarantor will be satisfied pro rata in insolvency. Ordinary credits will rank above subordinated credits.

As set forth in the Guarantee, the Guarantor shall at all times have the right, in its sole and unfettered discretion, to elect not to perform or procure the delivery to a Noteholder when due, any asset other than a cash amount in respect of any Note or Coupon or Receipt or under the Deed of Covenant, as the case may be (**Delivery Obligations**), when the same shall become due and deliverable under the Guarantee, but in lieu thereof to make payment to the Noteholder(s) of an amount determined by the Guarantor in good faith and in a commercially reasonable manner to be equal to the fair market value of the assets to which the Delivery Obligation in respect of the relevant Note(s) relates less such Note(s) *pro rata* share of the costs of unwinding any underlying related hedging and/or funding arrangements of the Issuer and/or the Guarantor (the "**Guaranteed Cash Settlement Amount**"). Any payment of the Guaranteed Cash Settlement Amount in lieu of performance of the relevant Delivery Obligations shall constitute a complete discharge of the Guarantors obligations under the Guarantee in respect of the relevant Notes, save as to any other cash amount due in respect of such Notes.

4. Interest

(a) Interest on Fixed Rate 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. Interest will accrue in respect of each period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each an "**Interest Period**" and each such latter date the "**Interest Period End Final Date**")). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after the Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such latter date. If a Business Day Convention (as defined in General Condition 4(g) below is specified in the Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day (as defined in General Condition 4(g), then, the relevant Business Day Convention shall apply. For the purposes of this General Condition 4(g), "**Interest Period End Date**" shall mean each date so specified in the Final Terms. If no such date(s) is so specified, then the Interest Period End Date for an Interest Period shall be the corresponding Interest Payment Date (unadjusted for any Business Day Convention).

If no Business Day Convention is specified as applicable to an Interest Period End Final Date in the Final Terms, except as provided in the Final Terms:

(i) the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Final Date in respect of such Interest Period, will amount to the Fixed Coupon Amount; and

(ii) the amount of interest payable on any other Interest Payment Date will, if so specified in the Final Terms, amount to the Broken Amount so specified.

Subject to the Payout Conditions, Interest shall be calculated by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note or which are Book Entry Notes, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or Book Entry Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of each Fixed Rate Note in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in General Condition 4(g) below specified in the Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Notes Currency, half of any such sub-unit (as defined below) being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of Interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"**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, means one cent.

(b) Interest on Floating Rate Notes and Reference Item Linked Interest Notes

(i) Interest Period End Dates and Interest Payment Dates

Each Floating Rate Note and, subject to the provisions of General Condition 4(g) and unless otherwise specified in the Final Terms, each Reference Item Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, in accordance with General Condition 4(e) in respect of each Interest Period (as defined in General Condition 4(a)). For the purposes of this General Condition 4(b), "**Interest Period End Date**" shall mean either:

(A) the specified Interest Period End Date(s) in each year specified in the Final Terms; or

(B) if no Interest Period End Date(s) is/are specified in the Final Terms, (x) in the case of Floating Rate Notes, each date which falls on the number of months or other period specified as the Specified Period in the Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date and (y) in the case of Reference Item Linked Interest Notes, the corresponding Interest Payment Date (unadjusted for any Business Day Convention).

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date.

If a Business Day Convention is specified in the Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which

is not a Business Day (as defined in General Condition 4(g)), then the relevant Business Day Convention (as defined in General Condition 4(g)) shall apply. Provided that, in any case, where Specified Periods are specified in accordance with General Condition 4(b)(i)(B), the Floating Rate Convention shall apply.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Reference Item Linked Interest Notes will be determined in the manner specified in the Final Terms.

(iii) ISDA Determination

Where ISDA Determination is specified in the 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 Final Terms) the Margin (if any). For the purposes of this subparagraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that 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:

(A) the Floating Rate Option is as specified in the Final Terms;

(B) the Designated Maturity is a period specified in the Final Terms; and

(C) the relevant Reset Date is either (x) 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**") for a currency, the first day of that Interest Period or (y) in any other case, as specified in the Final Terms.

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

(iv) Screen Rate Determination

Where Screen Rate Determination is specified in the 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:

(A) the offered quotation; or

(B) 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(s) which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time indicated in the Final Terms (which will be 11.00 a.m., London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded, as provided above) of such offered quotations.

(C) in the case of a CMS Rate, the rate for swap transactions in the currency to which the CMS Rate relates with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date as determined by the Principal Paying Agent or, in the event

that the Principal Paying Agent determines it is not reasonably practicable to determine the Rate of Interest in such manner, the Rate of Interest will be determined by the Principal Paying Agent as such rate that it determines would have prevailed but for such impracticality by reference to such source(s) as it may select.

In the case of (A) and (B), the Agency Agreement 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 (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time indicated above or in the Final Terms. The Final Terms may, if agreed by the relevant Dealer, set out such provisions in full.

(v) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each date on which the Rate of Interest is to be determined (the "**Interest Determination Date**"), determine the Rate of Interest (subject to any Minimum Interest Rate or Maximum Interest Rate specified in the Final Terms) for the relevant Interest Period and will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period, as soon as practicable after calculating the same.

Subject to the Payout Conditions, the Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes and Reference Item Linked Interest Notes which are represented by a Global Note or which are Book Entry Notes, the aggregate outstanding nominal amount of the Notes represented by such Global Note or Book Entry Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of each Floating Rate Note, Reference Item Linked Interest Note and Combination Interest Note in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the Day Count Fraction (as defined in General Condition 4(g) below) specified in the Final Terms and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Notes Currency, one half of such a sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note and Reference Item Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(vi) Minimum and/or Maximum Interest Rate

If the Final Terms specifies a Minimum Interest Rate 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 subparagraph (ii), (iii), (iv)or (v) or (d) below (as appropriate) is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. If the Final Terms do not specify a Minimum Interest Rate for any Interest Period, then the Rate of Interest for such Interest Period shall not be less than zero.

If the Final Terms specifies a Maximum Interest Rate 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 subparagraph (ii), (iii), (iv) or (v) above or (d) below (as appropriate) is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

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

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

(viii) Notification of Rate of Interest and Interest Amount

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (if applicable) (such notifications to occur no later than the Business Day following the notification of the Calculation Agent), AIAF (in the case of Notes which are listed on the Official List of AIAF and the rules of such stock exchange so require) and, if applicable, to any other stock exchange on which the relevant Notes are for the time being listed. In addition, the Principal Paying Agent shall publish or cause to be published such Rate of Interest, Interest Amount and Interest Payment Date in accordance with General Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) 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 General Condition 13.

(ix) Certificates to be Final

All certificates, communications, determinations, calculations and decisions made for the purposes of the provisions of this paragraph (b), by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent, the other Paying Agents and all Noteholders, and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Calculation Agent, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Zero Coupon Notes

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with General Condition 6(e) as its Amortised Face Amount. As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield specified in the Final Terms. Such interest shall continue to accrue (as well after as before any judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note. Such interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed in such incomplete month or on such other basis as may be specified in the Final Terms.

(d) Partly Paid Notes.

In case of Partly Paid Notes Interest shall be calculated by applying the Rate of Interest to the aggregate amount paid up at each given time.

(e) Interest on Reference Item Linked Interest Notes

In the case of Reference Item Linked Interest Notes, where the Rate of Interest and/or the Interest Amount (whether on any Interest Payment Date, early redemption, maturity or otherwise) is to be determined by reference to one or more Reference Items, the Rate of Interest and/or the Interest Amount shall be determined where applicable as provided in the Payout Annex.

(f) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) interest will accrue as aforesaid on the paid-up nominal amount of such Notes.

(g) Interest Payments and Accrual of Interest

Interest will be paid subject to and in accordance with the provisions of General Condition 5. Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal or the payment, and/or delivery of the Entitlement as set out in the Final Terms (if applicable), is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) at the Fixed Rate or, as the case may be, the Rate of Interest at such day count fraction as the Calculation Agent determines appropriate or as otherwise provided in the Final Terms until whichever is the earlier of (i) the day on which all sums due and/or assets comprised in the Entitlement in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Principal Paying Agent or any agent appointed by the Issuer to deliver such assets to Noteholders has notified the holder thereof (either in accordance with General Condition 13 or individually) of receipt of all sums due and/or assets comprised in the Entitlement in respect thereof up to that date (subject,in the case of Credit Linked Notes, to the provisions of Credit Linked Condition 12).

(h) Calculation Agent

(i) If a Calculation Agent is specified in the Final Terms, any determination specified in General Conditions 4(b) to (f) (inclusive) as being determinations to be made by the Principal Paying Agent will instead be made by the Calculation Agent as if references to the Principal Paying Agent in such General Conditions (and related provisions of the Agency Agreement) were to the Calculation Agent. The Calculation Agent will notify any amount of interest to the Principal Paying Agent as soon as reasonably practicable following its determination.

(ii) A Calculation Agent must be appointed for the determination of the Rate of Interest where such determination is other than a single determination of the Rate of Interest for each Interest Period that is made in accordance with this General Condition 4 and the related provisions of the Agency Agreement and without the imposition of any additional duties on the Principal Paying Agent

(i) Definitions

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

"**Business Day**" means a day which is both:

(i) 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 any Additional Business Centre specified in the Final Terms; and

(ii) either (i) in relation to any sum payable in a 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 currency (and which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (ii) in relation to any sum payable in euro, a day (a "**Target Settlement Day**") on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System (the "**TARGET System**") is open.

"**Business Day Convention**": If any date referred to in these General Conditions which is specified to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, if the business day convention specified in the Final Terms is:

(i) the "**Floating Rate Convention**", such 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 (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

(ii) the "**Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day;

(iii) the "**Modified Following Business Day Convention**", such 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 date shall be brought forward to the immediately preceding Business Day; or

(iv) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if "**Actual/Actual (ICMA)**" is specified in the Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Period End 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 Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(C) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and

(D) the number of days In such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates that would occur in one calendar year;

"**Determination Date(s)**" means the date(s) specified in the Final Terms;

"**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 Interest Period End 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);

(ii) if "**Actual/Actual (ISDA)**" or "Actual/Actual" is specified in the 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 (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is specified in the Final Terms, the actual number of days in the Interest Period divided by 365;

(iv) if "**Actual/365 (Sterling)**" is specified in the 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;

(v) if "**Actual/360**" is specified in the Final Terms, the actual number of days in the Interest Period divided by 360;

(vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(vii) if "**30E/360**" or "**Eurobond Basis**" is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(viii) if "**30E/360 (ISDA)**" is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(ix) if "**1/1**" or "**1**" is specified, one.

(x) If "**Not applicable**"is specified then the Day Count Fraction will not be taken into account in any calculation of interest

5. Payments, physical delivery and exchange of talons

For the purposes of this General Condition 5, references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Entitlement(s).

(a) Method of Payment

(i) 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 (i) where in a global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System are open for business) before the relevant due date, and (ii) where in definitive form, 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 (the "**Record Date**"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than US$250,000 (or integral multiples of US$1,000 in excess thereof) (or its approximate equivalent in any other currency), payment will instead be made by a cheque in the relevant currency of payment drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident 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 currency other than euro) a bank in the principal financial centre of the country of such currency (which, if such currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, 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 (whether or not in global form) will be made by a cheque in the currency of payment 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 (i) where in a global form, at

the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before 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 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 nominal 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 General 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.

None of the Issuer, the Guarantor or 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.

(ii) Bearer Notes

Payments of principal and interest (if any) in respect of the Definitive Bearer Notes will (subject as provided below) be made against presentation or surrender of such Bearer Notes or Coupons, as the case may be, at any specified office of any Paying Agent. Payments of principal in respect of instalments (if any), other than the last instalment, will (subject as provided below) be made against surrender of the relevant Receipt. Payment of the last instalment will be made against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of such instalment together with the relevant Definitive Bearer Note against which the amount will be payable in respect of that instalment. If any Definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the Definitive Bearer Notes to which they appertain do not constitute obligations of the Issuer. All payments of interest and principal with respect to Bearer Notes will be made only against presentation and surrender of the relevant Bearer Notes, Coupons or Receipts outside the United States (which expression, as used herein, means the United States of America and except as otherwise provided in the third succeeding paragraph. No payment with respect to the Bearer Notes will be made by mail to an address in the United States or by transfer to an account maintained by the holder in the United States.

Subject as provided below and subject also as provided in the Final Terms, payments in respect of definitive Notes (other than Foreign Exchange (FX) Rate Notes) denominated in a currency (other than euro) or, in the case of Foreign Exchange (FX) Rate Notes, payable in a currency (other than euro) will (subject as provided below) be made by a cheque in the currency drawn on, or, at the option of the holder and upon 15 days' prior notice to the Principal Paying Agent, by transfer to an account in the currency maintained by the payee with, a bank in the principal financial centre of the country of such currency. 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 euro-cheque.

(iii) Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will be made in the manner specified above 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 any Paying Agent outside of the United States. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be prima facie evidence that the payment in question has been made.

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 or, as the case may be, the Guarantor 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, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note. No person other than the holder of the relevant Global Note shall have any claim against the Issuer or the Guarantor in respect of any payments due in respect of such Global Note.

(iv) Book-Entry Notes

Payments in respect of the Book-Entry Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in the currency in which the payment is due, details of which appear in the records of Iberclear, the relevant Iberclear Member or the Book-Entry Depositary, as the case may be, at the close of business on the Business Day on which the payment of principal and/or interest, as the case may be, falls due. Noteholders must rely on the procedures of Iberclear, the relevant Iberclear member or the Book Entry Depositary, as the case may be, to receive payments under the relevant Book-Entry Notes. None of the Issuer, the Guarantor, any Agent or any of the Dealers will have any responsibility or liability for the records relating to payments made in respect of the Book-Entry Notes.

All payment in respect of the Book-Entry Notes are subject in all case to any applicable fiscal or other laws and regulations in the place of payment, without prejudice to the provisions of General Condition 7 (Taxation).. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(v) Coupons

Fixed Rate Bearer Notes in definitive form should be presented for payment with all unmatured Coupons appertaining thereto (which expression shall include Coupons to be issued on exchange of Talons which will have matured on or before the relevant redemption date), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupon which the sum so paid bears to the total amount due) will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in General Condition 7) for the payment of such sum due for payment, whether or not such Coupon has become void pursuant to General Condition 10 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Bearer Note 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 due date for redemption of any Floating Rate Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, Fund Linked Note, Credit Linked Note, Foreign Exchange (FX) Rate Linked Note or Combination Note in definitive bearer form all unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Floating Rate Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, Fund Linked Note, Credit Linked Note, Foreign Exchange (FX) Rate Linked Note or Combination Note is presented for redemption without

all unmatured Coupons appertaining thereto, payment of all amounts due in relation to such Note shall be made only against the provision of such indemnity of the Issuer or the Guarantor (if applicable).

(vi) Payments

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, then the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "**Payment Day**" means any day which (subject to General Condition 10) is 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:

(A) the relevant place of presentation;

(B) each city specified as a Financial Centre (each, a "**Financial Centre**") the Final Terms;

(C) either (A) in relation to any sum payable in a 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 currency (if other than the place of presentation, any Financial Centre and which, (x) if such currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (y) if such currency is Renmibi, shall be Beijing and Hong Kong) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open. If the due date for redemption of any interest bearing Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of interest (or from the Interest Commencement Date) will be paid against surrender of such Note; and

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 General Condition 11. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

Payments in respect of the Notes 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 General Condition 7.

(vii) HIRE Act and FATCA

Payments in respect of the Notes, Receipts, or Coupons will be made subject to (i) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "Code"), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder, any official interpretations thereof, or (without prejudice to the provisions of General Condition 7 (Taxation) any law implementing an intergovernmental approach thereto.

(b) Physical Delivery

(i) Physical Delivery

(A) Asset Transfer Notices

In relation to Notes to be redeemed by delivery or, in the case of Credit Linked Notes, Delivery (as such term is defined in the Credit Linked Conditions set out in the applicable Final Terms of the

Entitlement(s) (as defined below), in order to obtain delivery or Delivery, as the case may be, of the Entitlement in respect of any Note, the relevant Noteholder must:

(a) If such note is a Book-Entry Note:

where the Entitlement is also a security (or securities) included in Iberclear's book-entry register, then the Delivery Agent as specified in the applicable Final Terms (the **Delivery Agent**) must receive instructions from each Iberclear participant entity holding Book-Entry Notes on the Cut-off Date. Such instructions shall include complete settlement instructions, incorporating relevant information in respect of the Noteholders holding Book-Entry Notes through each Iberclear participant entity and such instructions shall include (or be accompanied by) certification as to non U.S. beneficial ownership. Each Iberclear participant holding Book-Entry Notes must block such Book-Entry Notes from and including the Cut-off Date; and

I. I. where the Entitlement comprises an instrument (or instruments) that is not included in Iberclear's book-entry register, each Iberclear participant holding Book-Entry Notes on the Cut-Off Date must send timely and full settlement instructions to the Delivery Agent sufficient to allow the Issuer, or, where applicable, the Delivery Agent acting on the Issuer's behalf, to make delivery or Delivery of the Entitlement in the relevant clearing system (where relevant) or otherwise on the Delivery Date or the Credit Settlement Date (as applicable) in accordance with the provisions of this General Condition 5(b) and such instructions shall include (or be accompanied by) certification as to non U.S. beneficial ownership.

II. For the avoidance of doubt, where the settlement instructions contemplated by this sub-paragraph (a) apply, this replaces the requirement to deliver an Asset Transfer Notice in accordance with the provisions below. All instructions for settlement to be delivered in accordance with this sub-paragraph (a) will be referred to as the "**Iberclear Settlement Instruction.**"if such Note is represented by a Global Note, deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and any entity appointed by the Issuer to deliver or Deliver, as the case may be, the Entitlement on its behalf (the "Delivery Agent") no later than the close of business in each place of reception on the Cut-Off Date, a duly completed asset transfer notice substantially in the form set out in the Agency Agreement (the "Asset Transfer Notice"); and

(b) if such Note is in definitive form, deliver (i) if such Note is a Bearer Note, to any Paying Agent or (ii) if such Note is a Registered Note, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent and the Delivery Agent (as defined above) no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

(c) For the purposes hereof, "**Cut-off Date**" means the date specified as such in the Final Terms or if not so specified (a) in respect of a Note that is not a Credit Linked Note, the fifth Business Day immediately preceding the Delivery Date or (b) in respect of a Credit Linked Note, the third Business Day immediately preceding the Credit Settlement Date.

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

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

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

The Asset Transfer Notice shall:

(1) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer or Delivery Agent may obtain details for the delivery or Delivery of the Entitlement;

(2) specify the series number of the Notes and the number of Notes which are the subject of such notice;

(3) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at the relevant Clearing System to be debited with such Notes and irrevocably instruct and authorise the relevant Clearing System to debit the relevant Noteholder's account with such Notes on or before the Delivery Date or (in the case of Credit Linked Notes) the Credit Settlement Date;

(4) include an undertaking to pay all Expenses (as defined below) and, in the case of Notes represented by a Global Note, an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Expenses;

(5) include such details as are required for delivery or Delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered or Delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, (including, where applicable, pursuant to Credit Linked Condition 9, in respect of any cash amount constituting the Entitlement) or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Redemption Amount or Failure to Deliver Redemption Amount, as applicable, or as a result of the Issuer electing to pay the Alternate Cash Redemption Amount (each as defined below);

(6) certify that the beneficial owner of each Note is not a US person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a US person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a US person in connection with any redemption thereof; and

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

all as provided in the Agency Agreement.

Copies of such Asset Transfer Notice may be obtained from the Registrar or any Paying Agent.

(B) Verification of the Noteholder

In the case of Notes represented by a Global Note, upon receipt of an Asset Transfer Notice, the relevant Clearing System shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Principal Paying Agent the series number and number of Notes the subject of such notice, the relevant account details and the details for the delivery of the Entitlement of each Note. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer and any Delivery Agent thereof. The relevant Clearing System will on or before the Delivery Date

or Credit Settlement Date, as the case may be, debit the securities account of the relevant Noteholder with the relevant Notes.

(C) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a Global Note, by the relevant Clearing System or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be. Any determination as to the completeness of an Iberclear Settlement Instruction shall be made by the Delivery Agent. All such determinations shall be made in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent(s), any Delivery Agent, the relevant Noteholder and the Iberclear participant entity (as applicable). Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent and any Delivery Agent immediately after being delivered or sent as provided in paragraph (1) above or any Iberclear Settlement Instruction deemed incomplete, shall be null and void.

If such Asset Transfer Notice or Iberclear Settlement Instruction is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, the relevant Clearing System, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, or, in the case of Book-Entry Notes by the Delivery Agent, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) submitted at the time such correction was delivered as provided above.

The relevant Clearing System, Delivery Agent, Registrar or Paying Agent, as applicable, shall use its reasonable efforts as soon as reasonably practicable to notify the Noteholder submitting an Asset Transfer Notice or, in respect of Book-Entry Notes, the Iberclear participant entity submitting the Iberclear Settlement Instruction, if, in consultation with the Principal Paying Agent, it has determined that such Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Paying Agents or the relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

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

The Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided below on the date fixed for redemption (such date, subject to adjustment in accordance with this General Condition 5(b) , the Delivery Date) or, in the case of Credit Linked Notes, Delivered at the risk of the relevant Noteholder, in the manner provided below on the Credit Settlement Date, provided that the Asset Transfer Notice, or, in the case of Book-Entry Notes, Iberclear Settlement Instruction, is duly delivered to the relevant Clearing System and/or each other relevant party, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice or, in the case of Book-Entry Notes, Iberclear Settlement Instruction, as provided herein with a copy to each relevant party, prior to the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered or, as the case may be, Delivered at the risk of such Noteholder in the manner provided below as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Delivery Date or, in the case of Credit Linked Notes, the Credit Settlement Date) Provided That if, in respect of a Note, a duly completed Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) is not delivered in accordance with the requirements of this General Condition 5(b),

with a copy to each party specified for such purpose herein, prior to the close of business in each place of receipt on the 90th calendar day following the Cut-off Date then:

(a) if "**Assessed Value Payment Amount**" is specified as applicable in the applicable Final Terms, the Issuer shall as soon as reasonably practicable following such date determine the Assessed Value Payment Amount and in respect of such Note shall pay the Assessed Value Payment Amount to the relevant Noteholder in lieu of delivery of the Entitlement as soon as reasonably practicable following determination of the Assessed Value Payment Amount; or

(b) if "**Assessed Value Payment Amount**" is not specified as applicable in the applicable Final Terms, the Issuer's obligations in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer.

For the avoidance of doubt, in the circumstances described in (a) above, such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date or Credit Settlement Date, as applicable, falling after the scheduled Delivery Date or the originally designated Credit Settlement Date and no liability in respect thereof shall attach to the Issuer or the Guarantor (if applicable). Upon payment of the Assessed Value Payment Amount the Issuer's obligations in respect of such Note shall be discharged and the Guarantor's obligations in respect of such Note pursuant to the Guarantee shall be discharged.

The Issuer (or any Delivery Agent on its behalf) shall at the risk of the relevant Noteholder, deliver or procure the delivery of the Entitlement for each Note or (in the case of Credit Linked Notes) Deliver the Deliverable Obligations comprising the Entitlement, in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated in the relevant Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) or in such manner as is specified in the applicable Final Terms. All costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes ("**Expenses**") arising from the delivery of the Entitlement or the Delivery of the Deliverable Obligations comprising the Entitlement, as the case may be, in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Entitlement or the Delivery of the Deliverable Obligations comprising the Entitlement, as the case may be, shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

For the purposes hereof:

"**Assessed Value Payment Amount**" means, in respect of a Note, an amount determined by the Calculation Agent to be the fair market value of the assets comprised in the Entitlement in respect of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying relating hedging arrangements, all as determined by the Issuer.

(D) General

Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, provided that, the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Noteholder.

Following the Delivery Date or Credit Settlement Date in respect of a share forming part of the Entitlement, all dividends on the relevant shares to be delivered will be payable to the relevant party according to market practice assuming a sale of the shares has been executed on the Delivery Date or Credit Settlement Date. Any such dividends to be paid to a Noteholder will be paid to the

account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in General Condition 5(b)(i)(A).

For such period of time after delivery or Delivery of the Entitlement until the Delivery Date or the Credit Settlement Date (the "**Intervening Period**"), none of the Issuer, the Guarantor (if applicable), the Paying Agents, the Registrar, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities, obligations or Deliverable Obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities, obligations or Deliverable Obligations.

(E) Settlement Disruption

The provisions of this General Condition 5(vii) apply to Notes other than Credit Linked Notes.

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the Final Terms or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 13. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

"**Disruption Cash Redemption Amount**" means, in respect of any relevant Note, the fair market value of such Note (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets) less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

"**Settlement Business Day**" has the meaning specified in the Final Terms; and

"**Settlement Disruption Event**" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer or the Guarantor, as the case may be, as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Relevant Asset(s) using the method specified in the Conditions and/or the Final Terms.

(F) Failure to Deliver due to Illiquidity

The provisions of this General Condition 5 (b)(i)(F) apply to the Notes other than Credit Linked Notes.

If "**Failure to Deliver due to Illiquidity**" is specified as applying in the Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the "**Affected Relevant Assets**") comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver due to Illiquidity**"), then:

(1) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated date of redemption in accordance with this General Condition 5(b); and

(2) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Failure to Deliver Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 13. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 that the provisions of this General Condition 5(b)(i)(F) apply.

For the purposes hereof, "**Failure to Deliver Redemption Amount**" means, in respect of any relevant Note, the fair market value of such Note (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

(ii) Variation of Settlement

If the Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with General Condition 13.

(iii) Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount

Notwithstanding any provision of these General Conditions to the contrary, the Issuer may, in its sole and absolute discretion in respect of Notes to which this General Condition 5(b) applies, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprises assets which are not freely tradable, elect either (i) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other assets which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the "**Substitute Asset**" or the "**Substitute Assets**", as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute

Assets, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholder on the Delivery Date of an amount equal to the fair market value of the Entitlement on or about the time of so electing as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the "**Alternate Cash Redemption Amount**"). Notification of any such election will be given to Noteholders in accordance with General Condition 13 and in the event that the Issuer elects to pay the Alternate Cash Redemption Amount such notice shall give details of the manner in which such amount shall be paid.

For purposes hereof, a "**freely tradable**" security shall mean (i) with respect to the United States, a security which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradable security for purposes of the Securities Act, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdiction.

(iv) Rights of Noteholders and Calculations

None of the Issuer, the Guarantor (if applicable), the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Notes.

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

(v) For the purposes of the General Conditions:

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

"**Assessed Value Payment Amount**" means, in respect of a Note, an amount determined by the Calculation Agent to be the fair market value of the assets comprised in the Entitlement in respect of such Note less the cost to the Issuer and/or its Affiliates of unwinding any underlying relating hedging arrangements, all as determined by the Issuer.

6. Redemption and purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note (other than a Credit Linked Note) will be redeemed by the Issuer at its relevant Final Redemption Amount in the Specified Notes Currency on the Maturity Date specified in the Final Terms or, if Physical Settlement is specified as applicable in the Final Terms (each such Note a "**Physical Delivery Note**") by delivery of the Entitlement (as provided in General Condition 5(b) above). Notes may not be redeemed other than in accordance with these General Conditions and any applicable Annex.

The "**Final Redemption Amount**" shall be an amount in respect of each Calculation Amount, equal to the Calculation Amount multiplied by: (i) the percentage or (ii) the Final Payout specified in the Final Terms. For the avoidance of doubt, if the Final Payout is zero, no amount shall be payable in the final redemption of the Note.

The "**Entitlement**", in respect of each Calculation Amount, shall be a quantity of the Relevant Asset(s) (and any cash amount to be delivered as a result of rounding down) specified in the Final Terms equal to the Entitlement Amount specified in the Final Terms (or, in the case of Credit Linked Notes, the Deliverable Obligations to be delivered pursuant to Annex 6 – "Additional Terms and Conditions for Credit-Linked Notes").

"**Relevant Asset(s)**" means the relevant asset(s) so specified in the Final Terms.

(b) Redemption for Tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 30 or more than 60 days' notice to the Principal Paying Agent and, in accordance with General Condition 13, the Noteholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged under Spanish law to pay additional amounts as provided or referred to in General Condition 7 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts (as defined in General Condition 7); or there is any change after the issue date of the Notes in the application or official interpretation of the Spanish laws or regulations as a result of which withholding tax is applicable to the Notes, which change or amendment becomes effective on or after the issue date of the Notes; and

(ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures 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 or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this General Condition, the Issuer or, as the case may be, the Guarantor shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer (or if at the time that such certification is to be given the Issuer has only one Director, such certificate may be signed by such Director) or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts.

Each Note redeemed pursuant to this General Condition 6(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption for Illegality

In the event that the Issuer determines in good faith that the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with General Condition 13 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(d) Redemption at the Option of the Issuer (Issuer Call)

If "**Issuer Call Option**" is specified as being applicable in the Final Terms, the Issuer may, having given:

(i) not less than 5 days' (or such other notice period specified in the Final Terms) notice to the Noteholders in accordance with General Condition 13; and

(ii) not less than 4 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and each at the Optional Redemption Amount(s) specified in, or determined on the Optional Redemption Valuation Date in the manner specified in, the Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any partial redemption must be of a nominal amount equal to the Minimum Redemption Amount or, if applicable, a Higher Redemption Amount as specified in the Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive

Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, or in the case of Redeemed Notes that are represented by Book-Entry Notes, the rules of Iberclear or the Book-Entry Depositary (as the case may be), not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with General Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that the aggregate nominal amount of Redeemed Notes represented by definitive Notes shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with General Condition 13 at least five days prior to the Selection Date.

In the case of Redeemed Notes represented by Book-Entry Notes, a list of the ISIN codes of such Redeemed Notes will be published in accordance with General Condition 13 not less than 15 day's prior to the date fixed for redemption (or such lesser period as may be specified in the applicable Final Terms).

(e) Redemption at the Option of the Noteholders (Noteholder Put)

If "**Noteholder Put Option**" is specified as being applicable in the Final Terms, upon the holder of any Note giving to the Issuer in accordance with General Condition 13 not less than 15 or more than 30 days' notice (or such other minimum and/or maximum notice period specified in the Final Terms) (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem in whole but not in part, subject to and in accordance with the terms specified in the Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined on the Optional Redemption Valuation Date specified in the Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of the Notes its holder must, if the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this General Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed. If a Note is in definitive bearer form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If a Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Note the holder of the Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time, and, if a Note is a Bearer Note represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Principal Paying Agent for notation accordingly. If the Note is represented by a Book-Entry Note held through Iberclear, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Iberclear (which may include notice being given on his instruction by Iberclear, or any Iberclear member to the Principal Paying Agent by electronic means) in a form acceptable to Iberclear from time to time. In the case of a Book-Entry Note held through

a Book-Entry Depositary, to exercise the right to require redemption of the Note, the holder of the Note must within the notice period, give notice to the Principal Paying Agent and the Spanish Paying Agent in accordance with the procedures agreed with such Book-Entry Depositary.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, and/or Clearstream Luxembourg and/or Iberclear given by a holder of any Note pursuant to this General Condition 13 shall be irrevocable except where prior to the due date of redemption an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this General Condition 6(e) and instead to declare such Note forthwith due and payable pursuant to General Condition 9.

(f) Early Redemption

For the purposes of paragraph (c), General Condition 9 and any circumstances where the Notes are to be redeemed prior to their Maturity Date at their Early Redemption Amount (as defined below), each Note will be redeemed at an amount (the "**Early Redemption Amount**") calculated as follows, and no further interest will be payable since the immediately preceeding Interest Payment Date or, if none, the Issue Date:

(i) in the case of any Note, other than a Zero Coupon Note to which paragraph (ii) below applies, at an amount determined by the Calculation Agent on the second Business Day immediately preceding the due date for the early redemption of the Notes, representing such Note's pro rata share of (a) the fair market value of such Notes taking into account all factors which the Calculation Agent determines relevant (including, if applicable, any interest provision of the Note) (but ignoring the event which resulted in such redemption) less (b) all costs incurred by the Issuer, the Guarantor or any of its Affiliates in connection with such early redemption, including, without limitation, any costs associated with unwinding any underlying related hedging arrangements, and all other expenses related thereto, as determined by the Calculation Agent in good faith and in a commercially reasonable manner; or

(ii) in the case of a Zero Coupon Note the Early Redemption Amount of which is not linked to an index, a formula or other Reference Item at an amount (the "**Amortised Face Amount**") equal to the sum of:

(A) the Reference Price specified in the Final Terms; and

(B) the product of the Accrual Yield specified in the Final Terms (compounded annually) being applied to the Reference Price in respect of each Interest Period from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month.

(g) Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Notes purchased as aforesaid may, at the option of the Issuer, the Guarantor or their respective subsidiaries, as the case may be, be held, reissued, resold or surrendered to any Paying Agent and/or the Registrar for cancellation.

(h) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(i) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the Final Terms. In the case of Notes in definitive form, all instalments (other than the final instalment) will be paid by surrender of, in the case of a Definitive Bearer Note, the relevant Receipt (which must be presented with the Note to which it appertains) and, in the case of a definitive Registered Note, the relevant Note and issue of a new Note in the nominal amount remaining outstanding, all as more fully described in General Condition 5. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (b), (d) or (e) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iv) of this General Condition 6 above as though the references therein to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and

(ii) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with General Condition 13.

(k) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the Aggregate Nominal Amount of the Notes at each moment in time, i.e., over the amount effectively paid for by Noteholders after each Date scheduled for payment in the relevant Final Terms. If such amount were not to be paid up in full by Noteholders, the Issuer shall redeem the Partly Paid Notes up to the amount effectively paid for in accordance with paragraph 29 below.]

7. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor 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 the Kingdom of Spain ("**Spain**") or any political subdivision or authority thereof or therein having the power to tax unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor 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:

(i) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with Spain other than the mere holding of such Note, Receipt or Coupon; or

(ii) 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 General Condition5(a)); or

(iii) presented for payment by or on behalf of a holder of the Notes in respect of which the Issuer has not been provided by the Paying Agent with the correspondent Annex as it is required in order to comply with Additional Provision One of Spanish Law 10/2014, Spanish Royal Decree 1065/2007 of 27 July as amended by RD 1145/2011 (and any other regulations or interpretations that may be enacted by the Government or the Tax Authorities), the 10th calendar day of the month following the relevant date upon which the payment was due (or if such date is not a day on which commercial banks are open for general business in Spain, the immediately preceding such date); or

(iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive amending, supplementing or repliacing such Directive or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or

(v) presented for payment by or on behalf of a holder who would be 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.

(vi) presented for payment by or on behalf of a Spanish legal entity subject to Spanish Corporate Income Tax or by an individual or legal entity non resident in Spain, subject to Spanish Non Resident Income Tax, operating in Spain through a permanent establishment to which the Notes are assigned, if the Spanish Tax Authorities determine that the Notes do not comply with the exemption requirements specified in Sections 59 q) and s) of the Royal Decree 1777/2004 of 30 July 2004 approving the Corporate Income Tax Regulations in the way that such requirements have been interpreted by the reply to the consultation of the Directorate General for Taxation on 20 July 2004 or if they change the interpretation held in the before mentioned reply and require a withholding to be made.

In these General Conditions, 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 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 General Condition 13.

8. Redenomination

(a) Redenomination

Where redenomination is specified in the Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with General Condition 13, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Notes Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant Noteholder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations agreed at the time by the Issuer and the Principal Paying Agent;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Notes Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Notes Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Notes Currency were to euro. Payments will be made in euro 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;

(vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a Fixed Interest Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Notes Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;

(vii) if the Notes are Floating Rate Notes, the Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to these General Conditions as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) Definitions

In these General Conditions, the following expressions have the following meanings:

"**Established Rate**" means the rate for the conversion of the Specified Notes Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty;

"**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"**Redenomination Date**" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Notes Currency first participates in the third stage of European economic and monetary union; and

"**Treaty**" means the Treaty establishing the European Community, as amended by the Treaty on European Union as amended by the Treaty of Amsterdam.

9. Events of default

Any Noteholder may give written notice to the Issuer and the Principal Paying Agent in accordance with General Condition 13 that its Note is, and it shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, together, if appropriate, with interest accrued to the date of repayment, in any of the following events ("**Events of Default**"):

(i) a default is made for more than 14 days in the payment of any principal (including any Instalment Amount(s)) due in respect of any of the Notes or 21 days or more in the payment of any interest or other amount due in respect of any of the Notes; or

(ii) a default is made in the performance by the Issuer or the Guarantor of any other obligation under the provisions of the Notes or under the provisions of the Guarantee relating to the Notes and such default continues for more than 30 days following service by a Noteholder on the Issuer and the Guarantor of a notice requiring the same to be remedied; or

(iii) any Capital Markets Indebtedness of the Issuer or the Guarantor where the nominal amount of such indebtedness is in any case in excess of US$50,000,000 or its equivalent in another currency or other currencies or any guarantee by the Issuer or the Guarantor of any Capital Markets Indebtedness of any other person is not (in the case of Capital Markets Indebtedness) paid when due (after whichever is the longer of 30 days after the due date and any applicable grace period therefor) or becomes prematurely due and repayable following a default on the part of, or an event of

default with reference to, the Issuer or the Guarantor, or (in the case of the guarantee) honoured when called upon (after whichever is the longer of 30 days after the due date and any applicable grace period therefor); or

(iv) an order of any competent court or administrative agency is made or any resolution is passed by the Issuer for the winding-up or dissolution of the Issuer (other than for the purpose of an amalgamation, merger or reconstruction approved by the Noteholders); or

(v) an order is made by any competent court commencing insolvency proceedings (procedimientos concursales) against the Guarantor or an order is made or a resolution is passed for the dissolution or winding up of the Guarantor (except (i) in any such case for the purpose of a reconstruction or a merger or amalgamation which has been approved by the Noteholders or (ii) where the entity resulting from any such reconstruction or merger or amalgamation is a Financial Institution (Entidad de Crédito according to article 1 of Law 10/2014) and will have a rating for long-term senior debt assigned by Standard & Poor's Rating Services, Moody's Investors Services or Fitch Ratings Ltd equivalent to or higher than the rating for long-term senior debt of the Guarantor immediately prior to such reconstruction or merger or amalgamation); or

(vi) the Issuer or the Guarantor is adjudicated or found bankrupt or insolvent, or any order of any competent court or administrative agency is made for, or any resolution is passed by Issuer or the Guarantor to apply for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or the Guarantor or of a substantial part of the assets of either of them (unless in the case of an order for a temporary appointment, such appointment is discharged within 30 days); or

(vii) the Issuer or the Guarantor stops payment of its debts generally; or

(viii) the Issuer (except for the purpose of an amalgamation, merger or reconstruction approved by the Noteholders) or the Guarantor (except (i) for the purpose of an amalgamation, merger or reconstruction approved by the Noteholders or (ii) where the entity resulting from any such reconstruction or merger or amalgamation will have a rating for long-term senior debt assigned by Standard & Poor's Rating Services or Moody's Investor Services equivalent to or higher than the rating for long-term senior debt of the Guarantor immediately prior to such reconstruction or merger or amalgamation) ceases or threatens to cease to carry on the whole or substantially the whole of its business; or

(ix) an encumbrancer takes possession of the whole or any substantial part of the assets or undertaking of the Issuer or the Guarantor or an application is made for the appointment of an administrative or other receiver, manager, administrator or similar official in relation to the Issuer or the Guarantor or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or the Guarantor, or a distress or execution is levied or enforced upon or sued out against any substantial part of the undertaking or assets of the Issuer or the Guarantor and is not discharged within 30 days; or

(x) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

For the purpose of General Condition 9 (iv), (viii) and (ix), and a report by the auditors for the time being of the Issuer or the Guarantor, as the case may be, as to whether any part of the undertaking, business or assets of the Issuer or the Guarantor is "substantial" shall, in the absence of manifest error, be conclusive.

As used herein:

"**Capital Markets Indebtedness**" means any loan or other indebtedness of any person (other than Project Finance Indebtedness) which is in the form of or represented by any bonds, notes, depositary receipts or other securities for the time being quoted or listed, with the agreement of the Issuer and/or the Guarantor, on any stock exchange; and

"**Project Finance Indebtedness**" means any present or future indebtedness incurred to finance the ownership, acquisition, development and/or operation of an asset, whether or not an asset of the Issuer or the Guarantor, in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Issuer or the Guarantor) is entitled to have recourse solely to such asset and revenues generated by the operation of, or loss or damage to, such asset.

The Spanish Insolvency Law provides: (i) that any claim not included in the company's accounts or otherwise reported to the insolvency administrators within one month from the last official publication of the court order declaring the insolvency may become subordinated, (ii) that provisions in a contract granting one party the right to terminate on the other's insolvency are not enforceable and (iii) for interest to cease to accrue from the date of declaration of insolvency (subject to certain exceptions).

TERMS AND CONDITIONS OF THE NOTES

10. Prescription

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of 10 years from the due date thereof and claims for payment of interest (if any) in respect of the Notes shall be prescribed upon the expiry of five years, from the due date thereof. 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 General Condition 10 or General Condition 5 above.

11. Replacement of notes, receipts, coupons and talons

If any Note (including any Global Note), Receipt, Coupon or Talon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Principal Paying Agent or the Registrar, as the case may be, upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence and indemnity, as the Issuer and the Principal Paying Agent or the Registrar may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued. Cancellation and replacement of Notes, Receipts, Coupons or Talons shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

12. 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.

13. Notices

All notices regarding the Bearer Notes will be deemed to be validly given if published in one leading language daily newspaper of general circulation in the place of listing or in the manner specified in the Final Terms.The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. 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.

All notices regarding Book-Entry Notes may be given by delivery to the Noteholders by registered mail to the addresses appearing in the relevant registries maintained by Iberclear or, as the case may be, the relevant Iberclear Member or by any other means which comply with Spanish law and the rules applicable to the giving of notices to investors and, if the Book-Entry Notes are listed on AIAF, the rules of AIAF.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 on a stock exchange or admitted to trading by another relevant authority, such notice will be published in a manner which complies with the rules of that stock exchange or relevant authority.

Until such time as any definitive Notes are issued, notice may be given (so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or Iberclear (instead of by way of publication in a newspaper or mailing)) by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or Iberclearfor communication by them to the holders of the Notes, except that for so long as any Notes are listed on a stock exchange or admitted to listing by another relevant authority, such notice will be also published in a manner which complies with the rules of that stock exchange or relevant authority by the Issuer. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or Iberclear.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) 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 and/or Iberclear, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or Iberclear, may approve for this purpose.

14. Meetings of noteholders, modification and waiver

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Notes, the Receipts, the Coupons or any provisions of the Agency Agreement. Such a meeting may and, if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding, shall be convened by the Issuer. At a meeting of the holders of the Notes for the purpose of, amongst others, approving a modification or amendment to, or obtaining a waiver of any covenant or condition set forth in the Notes, the Receipts, the Coupons or the Agency Agreement, persons entitled to vote a majority in aggregate nominal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting that is not a meeting convened upon the requisition of Noteholders, within 30 minutes of the time appointed for such meeting, the meeting may be adjourned for a period of not less than 14 days, in the absence of a quorum any meeting that is convened on the requisition of Noteholders shall be dissolved; the persons entitled to vote a majority in aggregate nominal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any Extraordinary Resolution to, amongst others, modify or amend any of the Notes, the Receipts, the Coupons or any provisions of the Agency Agreement ([other than those items specified in General Condition 1(a)(i) and (ii)]), or to waive compliance with, any of the terms and conditions of the Notes shall be effectively passed if passed by a majority consisting of at least 75 per cent. of the votes cast.

The Principal Paying Agent, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(i) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

(ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or to cure, correct or supplement any defective provision or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer or the Guarantor are incorporated.

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 General Condition 11 as soon as practicable thereafter.

15. Agents and registrar

The names of the initial Agents and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled 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:

(i) there will at all times be a Principal Paying Agent and a Registrar;

(ii) so long as the Notes are listed on any stock exchange or admitted to listing by any relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes and Book Entry Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of such other stock exchange or other relevant authority;

(iii) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

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 or more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with General Condition 13, provided that no such variation, termination, appointment or changes shall take effect (except in the case of insolvency) within 7 days before any due date for the payment of any Note or any related Receipt or Coupon. Notice of all changes in the identities or specified offices of any Agent will be given promptly by the Issuer to Noteholders in accordance with General Condition 13.

TERMS AND CONDITIONS OF THE NOTES

In acting under the Agency Agreement, the Agents will act solely as agents of each of the Issuer and Guarantor (if applicable) and do not assume any obligations or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Issuer and the Guarantor (if applicable) to the Noteholders, Receiptholders and Couponholders, to repay Notes and pay interest thereon) funds received by the Principal Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders and/or Receiptholders or Couponholders until the expiration of the relevant period of prescription under General Condition 10. The Issuer will agree to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

16. Substitution

(a) **Substitution of the Issuer**

(i) The Issuer may, without the consent of the Noteholders (and by subscribing any Notes, each Noteholder expressly consents to it), be replaced and substituted by the Guarantor or any other company of which 100 per cent. of the shares or other equity interests (as the case may be) carrying the right to vote are directly or indirectly owned by the Guarantor as principal debtor (in such capacity, the "**Substituted Debtor**") in respect of the Notes provided that:

(A) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor, the Representative, the Issuer and (if the Substituted Debtor is not the Guarantor) the Guarantor as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the "*Terms and Conditions of the Notes*" and the provisions of the Agency Agreement and the Deed of Covenant, as fully as if the Substituted Debtor had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute) and (if the Substituted Debtor is not the Guarantor) pursuant to which the Guarantor shall unconditionally and irrevocablyguarantee (the "**New Guarantee**") in favour of each Noteholder the payment of all sums payable by the Substituted Debtor, as such principal debtor on the same terms *mutatis mutandis* as the Guarantee;

(B) without prejudice to the generality of General Condition 16(a)(i), where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Spain, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of General Condition 7 with the substitution for the references to Spain of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor to indemnify and hold harmless each Noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this General Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(C) the Documents shall contain a warranty and representation by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor that the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor have obtained all necessary governmental

and regulatory approvals and consents for such substitution and (if the Substituted Debtor is not the Guarantor) for the giving by the Guarantor of the New Guarantee in respect of the obligations of the Substituted Debtor on the same terms *mutatis mutandis* as the Guarantee, that each of the Substituted Debtor and the Guarantor (if the Substituted Debtor is not the Guarantor) has obtained all necessary governmental and regulatory approvals and consents for the performance by each of the Substituted Debtor and the Guarantor (if the Substituted Debtor is not the Guarantor) of its obligations under the Documents and that all such approvals and consents are in full force and effect;

(D) each stock exchange which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes would continue to be listed on such stock exchange;

(E) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of lawyers in the country of incorporation of the Substituted Debtor, to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion(s) to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(F) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of Spanish lawyers acting for the Guarantor to the effect that in the case where the Substituted Debtor is not the Guarantor, the Documents (including the New Guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(G) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of English lawyers to the effect that the Documents (including the New Guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(H) the Substituted Debtor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents;

(I) there is no outstanding Event of Default in respect of the Notes;

(J) any credit rating assigned to the Notes will remain the same or be improved when the Substituted Debtor replaces and substitutes the Issuer in respect of the Notes; and

(K) the substitution complies with all applicable requirements established under the relevant laws applicable laws.

(ii) Upon the execution of the Documents as referred to in General Condition 16(a)(i) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give

effect to the substitution. The execution of the Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.

(iii) The Documents shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Guarantor) the Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(iv) Not later than 15 London Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with General Condition 13.

"**London Business Day**" means 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.

(b) **Substitution of the Guarantor**

(i) The Guarantor may, without the consent of the Noteholders (and by subscribing any Notes, each Noteholder expressly consents to it), be replaced and substituted by another company incorporated anywhere in the world as the guarantor (in such capacity, the "**Substituted Guarantor**") in respect of the Notes provided that:

(A) a deed poll and such other documents (if any) shall be executed by the Guarantor and the Substituted Guarantor as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Guarantor shall undertake in favour of each Noteholder to be bound by the "*Terms and Conditions of the Notes*" and the provisions of the Agency Agreement, and the Guarantee as fully as if the Substituted Guarantor had been named in the Notes, the Agency Agreement and the Guarantee as the guarantor in respect of the Notes in place of the Guarantor (or any previous substitute) and pursuant to which the Substituted Guarantor shall unconditionally and irrevocable guarantee (the **"New Guarantee**") in favour of each Noteholder the payment of all sums payable by the Issuer as such principal debtor on the same terms *mutatis mutandis* as the Guarantee;

(B) the Documents shall also contain a covenant by the Substituted Guarantor to indemnify and hold harmless each Noteholder against all liabilities, costs, charges and expenses provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this General Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(C) the Documents shall contain a warranty and representation by the Substituted Guarantor that the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Substituted Guarantor of the New Guarantee, that the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Guarantor of its obligations under the Documents and that all such approvals and consents are in full force and effect;

(D) each stock exchange which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Guarantor such Notes would continue to be listed on such stock exchange;

(E) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar of a copy of a legal opinion addressed to the Guarantor, the Issuer and the Substituted Debtor from a leading firm of lawyers in the country of incorporation of the Substituted Guarantor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(F) the Substituted Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar of a copy of a legal opinion addressed to the Guarantor, the Issuer and the Substituted Debtor from a leading firm of English lawyers to the effect that the Documents (including the New Guarantee given by the Substituted Guarantor) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(G) the Substituted Guarantor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents;

(H) there is no outstanding Event of Default in respect of the Notes;

(I) the Substituted Guarantor has ratings for long-term senior debt assigned by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. or Moody's Investors Service, Inc. which are the same as or higher than the credit rating for long-term senior debt of the Guarantor or any previous Substituted Guarantor immediately prior to such substitution; and

(J) the substitution complies with all applicable requirements established under any applicable law.

(ii) Upon the execution of the Documents as referred to in General Condition 16(b)(i) above, the Substituted Guarantor shall be deemed to be named in the Notes as the guarantor in place of the Guarantor (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Guarantor (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes and the Guarantees.

(iii) The Documents shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(iv) Not later than 15 London Business Days after the execution of the Documents, the Substituted Guarantor shall give notice thereof to the Noteholders in accordance with General Condition 13.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

The Notes shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE NOTES

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) **Governing Law**

(i) The transfer of the Book Entry Notes (General Condition 1 (e), the status of the Book-Entry Notes and the status of the Guarantee in respect of them (General Condition 3), the capacity of the Guarantor, and the relevant Guarantor corporate resolutions, will be governed by Spanish law. The capacity of the Issuer and the relevant Issuer corporate resolutions will be governed by Dutch Law. Subject as provided above, the terms and conditions of the Book-Entry Notes, all related contractual documentation and any non-contractual obligations arising out of or in connection with the Book-Entry Notes and all related contractual documentation will be governed by, and shall be construed in accordance with, English law.

(ii) The status of the Guarantee in respect of Certified Notes (General Condition 3), the capacity of the Guarantor, and the relevant Guarantor corporate resolutions, will be governed by Spanish law. The Issue of the certified Notes, the capacity of the Issuer and the relevant Issuer corporate resolutions will be governed by Dutch Law. Subject as provided above, the terms and conditions of the Certificated Notes, all related contractual documentation and any non-contractual obligations arising out of or in connection with the Certificated Notes and all related contractual documentation will be governed by, and shall be construed in accordance with, English law.

(b) **Submission to Jurisdiction**

The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons, any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes, the Receipts and the Coupons (including any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer (if applicable) hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this General Condition shall limit any right to take Proceedings against the Issuer (if applicable) in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) **Appointment of Process Agent**

The Issuer irrevocably appoints the Guarantor at its registered office for the time being in England at One Canada Square, 44 Floor, Canary Warf, London E14 5AA, as its agent for service of process in any proceedings before the English courts in relation to any Proceedings and undertakes that, in the event of the Guarantor being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Proceedings. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law

ANNEX 1
ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

If specified as applicable in the Final Terms, the terms and conditions applicable to payouts shall comprise the General Conditions and the additional terms and conditions for payouts set out below (the "**Payout Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between (i) the General Conditions and/or any other Annex and (ii) the Payout Conditions, the Payout Conditions shall prevail.

1. Structured Notes

(a) Use of Payout Conditions

These Payout Conditions set out the methodology for determining various payouts and product features in respect of the Notes. The applicable text shown in Payout Conditions 2, 3, 4 and 5 below will be extracted, included and completed at the paragraph indicated in the Final Terms on the basis that (i) applicable text (including, where appropriate, section headings and terms defined in Payout Condition 5 which are required to be completed) from the relevant Payout Condition will be set out at the paragraph indicated in the Final Terms and (ii) inapplicable text (and any terms defined in Payout Condition 5 which are not required to be completed) need not be included.

(b) Use of Terms

Terms in these Payout Conditions or in the Final Terms may be attributed a numerical or letter suffix value when included in the Final Terms. Without limitation, the suffix can be denoted as "j", "k", "m", "q", "n", "t", "i", "A", "B", "C" or "1", "2", "3" etc. And the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t , i, "A", "B", "C" or 1, 2, 3 etc, as chosen at the time of an issue of Notes. Moreover suffixes may be placed in series as necessary, such as "A(1)", "B(1)", "C(1)" etc. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and the relation between the term and the suffix will be explained and may be presented as a table, if necessary, in the Final Terms. A term in Payout Condition 5 may be included in the applicable Final Terms section more than once if there is more than one number represented by the term n, t or i. Conjunctions (e.g. or, and, but) and punctuation may also be included where appropriate. Suffixes may denote that a relevant term relates to an asset, item or date associated with that suffix.

The constituent parts of any formula(e) or term(s) used in these Payout Conditions and that are to be specified in the Final Terms may be replaced in the Final Terms by the prescribed amount, level, or percentage or other value or term (the "**Variable Data**"). If a Variable Data has a value of either 0 (zero) or 1 (one), or is not applicable in respect of the relevant formula(e), then the related formula(e) may be simplified, for the purpose of improving the reading and intelligibility in the formula(e) in Final Terms, by deleting such Variable Data.

(c) Note Types

The Final Terms will specify the Interest Basis applicable in respect of a Note. Such Notes are, where the Interest Basis is: Index Linked Interest, an "**Index Linked Interest Note**"; Equity Linked Interest, an "**Equity Linked Interest Note**"; Inflation Linked Interest, an "**Inflation Linked Interest Note**"; Reference Item Rate Linked Interest, a "**Reference Item Rate Linked Interest Note**"; Fund Linked Interest, a "**Fund Linked Interest Note**"; Credit Linked Interest, a "**Credit Linked Interest Note**"; Foreign Exchange (FX) Rate Linked Interest, a "**Foreign Exchange (FX) Rate Linked Interest Note**" or where a combination of any two or more Interest Bases, a "**Combination Interest Note**" (each, a "**Reference Item Linked Interest Note**").

The Final Terms will specify the Redemption Basis applicable in respect of a Note. Such Notes are, where the Redemption Basis is: Index Linked Redemption; an "**Index Linked Redemption Note**"; Equity Linked Redemption, an "**Equity Linked Redemption Note**"; Inflation Linked Redemption, an "**Inflation Linked Redemption Note**"; Reference Item Rate Linked Redemption, a "**Reference Item Rate Linked Redemption Note**"; Fund Linked Redemption, a "**Fund Linked Redemption Note**"; Credit Linked Redemption, a "**Credit Linked Redemption Note**"; Foreign Exchange (FX) Rate Linked Redemption, a "**Foreign Exchange (FX) Rate**

Linked Redemption Note" or where a combination of any two or more Redemption Bases, a "**Combination Redemption Note**" (each, a "**Reference Item Linked Redemption Note**").

2. Interest Rates Payout Formula(e) and Final Payouts Formula(e) for structured notes

2.1 Interest Rate Payout Formula(e)

(For insertion and completion into Paragraph 15(x) (Rate of Interest) in the Final Terms. Note: where a Rate of Interest is a fixed or floating rate, paragraph 16 or 17, as applicable, in the Final Terms should be completed.)

(i) **"Rate of Interest (i)"**

Coupon Value(i)

(ii) **"Rate of Interest (ii)"**

Rate(i)

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

Leverage(i) * Rate(i) + Spread(i)

(iv) **"Rate of Interest (iv)"**

Leverage(i) * Reference Spread(i) + Spread(i)

(v) **"Rate of Interest (v)"**

Previous Interest(i) + Spread(i)

(vi) **"Rate of Interest (vi)"**

Previous Interest(i) + Leverage(i) * Reference Item Rate(i) + Spread(i)

(vii) **"Rate of Interest (vii)"**

Leverage(i) * (Coupon Value(i) + Spread(i)) + Constant Percentage(i)

(viii) **"Rate of Interest (viii)"**

Constant Percentage(i) + Max [Floor Percentage; Leverage * (Coupon Value(i) – Strike Percentage)]

(ix) **"Rate of Interest (ix)"**

Constant Percentage(i) + Min [Cap Percentage; Max [Floor Percentage; Leverage * (Coupon Value(i))] – Strike Percentage)]

(x) **"Rate of Interest" (x)" "Range Accrual"**

(insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied)

$$\text{Leverage}(i) * \big(\text{Rate}(i) + \text{Spread}(i)\big) * {}^{n}/_{N}$$

(insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied but subtracting the number of days on which the Range Accrual Condition is not satisfied)

$$\text{Leverage(i)} * \big(\text{Rate(i)} + \text{Spread(i)}\big) * \text{Max}[0;\ (2\text{n-N})/\text{N}]$$

(xi) **"Rate of Interest (xi)" "Digital One Barrier":**

(A) If the Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

[Constant Percentage[1]] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Note Payout Formula for this paragraph (A) may be different from the Interest Rarte Payout Formula for paragraph (B)*]; or

(B) Otherwise:

[zero][Constant Percentage [2]] [(*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph(A)*].

(xii) **"Rate of Interest (xii)" "Strike Podium n Barriers":**

(A) If Coupon Barrier Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

[Constant Percentage 1][*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)*], or

(B) If Coupon Barrier Condition [2] is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] and Coupon Barrier Condition [1] is not satisfied in respect of [ST Coupon Valuation Date][ST Coupon Valuation Period][and was not satisfied in any previous Interest Period]:

[Constant Percentage 2] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the final Interest Rate Payout Formula for paragraph(A)*]; or

(C) Otherwise:

[zero] [Constant Percentage 3] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Payout Formula for this paragraph (C) may be different from the Interest Rate Payout Formulae for (A) and (B) respectively*].

(The above provisions of paragraph (B) may be duplicated in case more than two Coupon Barrier Conditions apply)

(xiii) **"Rate of Interest (xiii)" "Ramses"**

(A) If the Barrier Count Condition is satisfied in respect of a ST Coupon Valuation Date:

Rate(i) +SumRate(i); or

(B) Otherwise, zero.

(xiv) **"Rate of Interest (xiv)" "Mozart"**

Rate(i) * n

(xv) **"Rate of Interest (xv) – Mozart Variable"**

Rate(n)

(xvi) **"Rate of Interest (xvi)" "Call with Individual Caps"**

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

$$Max\left[MinCoupon(i);\ \sum_{k=1}^{K}\left(RIWeighting(k) * Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i,k)\right]\right]\right) - StrikePercentage(i)\right]$$
$$+ Cons\tan tPercentage(i)$$

(xvii) **"Rate of Interest (xvii)" "Cappuccino"**

$$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max\left[FloorPercentage(i); CappuccinoBarrierValue(i,k)\right]\right) - StrikePercentage(i)\right]$$
$$+ Cons\tan tPercentage(i)$$

(xviii) **Rate of Interest (xviii)" " Best Replace "**

(Insert the following if local floor is applicable)

$$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max\left[FloorPercentage(i); ModifiedValue(i,k)\right]\right) - StrikePercentage(i)\right]$$

(Insert the following if local floor is not applicable)

$$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * \left(ModifiedValue(i,\ k) - StrikePercentage(\mathrm{i})\right)\right)\right]$$

(xix) **"Rate of Interest (xix)" "Cliquet"**

$$Max\left[\sum_{i=1}^{T}\left(Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i)\right]\right]\right) - StrikePercentage; FloorPercentage1\right]$$

(xx) **"Rate of Interest (xx)" "Cliquet Digital"**

(A) If Cliquet Digital Performance is greater than Constant Percentage 1:

Cliquet Digital Performance; or

(B) If Cliquet Digital Performance is greater than or equal to Constant Percentage 2 and is less than or equal to Constant Percentage 1:

Constant Percentage 1; or

(C) If Cliquet Digital Performance is less than Constant Percentage 2:

Constant Percentage 2.

(xxi) **"Rate of Interest (xxi)" "Cliquet Digital Lock in"**

$$Max\left[FloorLockin; \sum_{i=1}^{T}\left(Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i)\right]\right]\right) - StrikePercentage; FloorPercentage1\right]$$

(xxii) **"Rate of Interest (xxii)" "Digital Coupon One Condition"**

(A) If the Digital Coupon Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]:

Rate A(i); or

(B) Otherwise:

Rate B(i).

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(xxiii) **"Rate of Interest (xxiii)" "Digital Coupon Two Conditions"**

(A) If the Digital Coupon Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]:

Rate A(i); or

(B) If the Digital Coupon Condition 1 is not satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period], but the Digital Coupon Condition 2 is satisfied in respect of such [ST Coupon Valuation Date][ST Coupon Valuation Period]:

Rate B(i); or

(C) Otherwise:

Rate C(i).

(xxiv) **"Rate of Interest (xxiv)" – "TARN"**

(A) In respect of each Interest Period other than the Target Final Interest Period:

[*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)*]; and

(B) In respect of the Target Final Interest Period and provided that an Automatic Early Redemption Event has not occurred:

Final Interest Rate.

(xxv) **"Rate of Interest (xxv)" – "Ratchet"**

Min [Cap Percentage ; Max [Previous Interest (i); Rate(i)]

(xxvi) **"Rate of Interest (xxvi)" – "Multiplier"**

(insert the following if a cap is applicable)

Constant Percentage + Min [Cap Percentage; Max [Floor Percentage, Multiplier Number * Constant Percentage 2]]

(insert the following if a cap is not applicable)

Constant Percentage + Max [Floor Percentage, Multiplier Number * Constant Percentage 2]

2.2 Final Payouts Formula(e)

(For insertion and completion into Paragraph 27 Final Payout in the Final Terms)

(i) **"Redemption (i)"**

FR Value

(ii) **"Redemption (ii)" – "Call"**

(Insert the following if no cap or floor is applicable)

Constant Percentage + (Leverage * (FR Value – Strike Percentage)) * RI FX Rate

(Insert the following if a floor is applicable)

Constant Percentage + (Leverage * Max [Call Floor Percentage; Additional Leverage * (FR Value – Strike Percentage)]) *RI FX Rate

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(Insert the following if a cap is applicable)

Constant Percentage + (Leverage * Min [Call Cap Percentage; Additional Leverage * (FR Value – Strike Percentage)]) * RI FX Rate

(Insert the following if a cap and a floor are applicable)

Constant Percentage + (Leverage * Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * (FR Value – Strike Percentage) + Call Spread Percentage]]) * RI FX Rate

(iii) **"Redemption (iii)" – "Put"**

(Insert the following if no cap or floor is applicable)

Constant Percentage + (Leverage * (Strike Percentage – FR Value)) * RI FX Rate

(Insert the following if a floor is applicable)

Constant Percentage + (Leverage*Max [Put Floor Percentage; Additional Leverage*(Strike Percentage – FR Value)])*RI FX Rate

(Insert the following if a cap is applicable)

Constant Percentage + (Leverage ∗ Min [Put Cap Percentage; Additional Leverage ∗ (Strike Percentage – FR Value)]) ∗ RI FX Rate

(Insert the following if a cap and a floor are applicable)

Constant Percentage + (Leverage * Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage – Put Leverage * (Strike Percentage – FR Value)]]) * RI FX Rate

(iv) **"Redemption (iv)"**

Call Constant Percentage + (Leverage * (Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * FR Value + Call Strike Percentage]])) * RI FX Rate + (Additional Leverage * (Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage – Put Leverage * FR Value]])) * RI FX Rate

(v) **"Redemption (v)" "Multiplier"**

Constant Percentage 1 + (Constant Percentage 2 + Multiplier Number * Constant Percentage 3) * FR Value

(vi) **"Redemption (vi)" "Digital":**

(A) If Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(vii) **Redemption (vii) – "Digital with Knock-in":**

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(A) If Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage1*][select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply];

(B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(viii) **"Redemption (viii)" "Strike Podium n Conditions":**

(A) If Final Redemption Condition [1] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If Final Redemption Condition [2] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and Final Redemption Condition [1] is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and no Knock-in Event has occurred]:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(C) Otherwise:

[Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (C) may be different from the final payout formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(The above provisions of (B) may be duplicated in case more than two Final Redemption Condition Levels apply)

(ix) **"Redemption (ix)" "Versus Standard"**

(A) If no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If a Knock-in Event has occurred:

[Min [Constant Percentage 2; FR Value]][Constant Percentage 2][no Final Redemption Amount will be payable and Physical Delivery will apply].

(x) **"Redemption (x)" "Versus"**

(A) If no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If a Knock-in Event has occurred:

[Max [Constant Percentage 2 + Leverage * Option; 0]][Constant Percentage 2][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xi) **"Redemption (xi)" "Knock-in Standard"**

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[100% + FR Additional Rate][*select and insert the Final Payout Formula from any one of* "*Redemption (i)*" to "*Redemption (v) – Multiplier*" (*inclusive*)][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[100% + Coupon Airbag Percentage][se*lect and insert the Final Payout Formula from any one of* "*Redemption (i) to "Redemption (v) – Multiplier*" (*inclusive*) *for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Min [Constant Percentage; FR Value]][Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive) for the avoidance of doubt the selected final payout formula for this paragraph (C) may be different from the final payout formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xii) **"Redemption (xii)" "Twin Win"**

(Insert the following if a cap is not applicable)

(A) If a Knock-out Event has occurred:

[Constant Percentage 1 + (Max [Floor Percentage; Lever Down * FR Value]) * RI FX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If no Knock-out Event has occurred:

[Constant Percentage 2 + (Lever Up 1 * Max [Strike Percentage - FR Value; Floor Percentage 1]) * RI FX Rate + Lever Up 2 * Max [FR Value - Strike Percentage 1; Floor Percentage 2]) * RI FX Rate] [no Final Redemption Amount will be payable and Physical Delivery will apply]

(Insert the following if a cap is applicable)

(A) If a Knock-out Event has occurred:

[Constant Percentage + (Max [Floor Percentage; Lever Down * FR Value]) * RI FX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If no Knock-out Event has occurred:

[Constant Percentage 2 + (Lever Up 1 * Max [Strike Percentage - FR Value; Floor Percentage 1]) * RI FX Rate + (Lever Up 2 * Min [Cap Percentage; Max [FR Value - Strike Percentage 1; Floor

Percentage 2]]) * RI FX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xiii) **"Redemption (xiii)" "Himalaya "**

$$ConstantPercentage1 + Leverage * Max\left[\frac{1}{TotalM} * \sum_{i=1}^{M} Max\left[BestLockValue(i) - StrikePercentage(i); LocalFloorPercentage(i)\right]; 0\right]$$

(xiv) **"Redemption (xiv)" "Podium"**

Constant Percentage + SumRate(n)

(xv) **"Redemption (xv)" "Booster"**

(A) If Final Redemption Condition is satisfied in respect of a ST Redemption Valuation Date[in the][ST Redemption Valuation Period]:

Constant Percentage 1 + Max [0%; Booster Percentage* (FR Value –Strike Percentage)]; or

(B) If Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the][ST Redemption Valuation Period] and no Knock-in Event has occurred:

Constant Percentage 2; or

(C) If Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the] [ST Redemption Valuation Period] and a Knock-in Event has occurred:

Min [Constant Percentage 3; FR Value][No Final Redemption Amount will be payable and Physical Delivery will apply]

(xvi) **"Redemption (xvi)" "Bonus"**

(A) If no Knock-in Event has occurred:

Constant Percentage 1 + Max [Bonus Percentage; Leverage (FR Value –Strike Percentage)]; or

(B) Otherwise:

[FR Value][No Final Redemption Amount will be payable and Physical Delivery will apply]

3. Automatic Early Redemption Amounts

If Automatic Early Redemption is specified as applicable in the Final Terms and an Automatic Early Redemption Event occurs, then:

For insertion into Paragraph 28(iii) (*Automatic Early Redemption Payout*).

(a) If ST Automatic Early Redemption is specified in the Final Terms, then any of the two following formula shall be inserted and completed in Automatic Early Redemption Amount:

A. Calculation Amount * (AER Percentage + AER Additional Rate)

B. (i) If no Knock-in Event has occurred:

[Constant Percentage 1]; or

(ii) If a Knock-in Event has occurred:

[Min [Constant Percentage 2; Leverage * FR Value]

(b) If Target Automatic Early Redemption is specified in the Final Terms, the following formula shall be inserted and completed in the Automatic Early Redemption Amount:

Calculation Amount * (100% + Final Interest Rate)

4. Entitlement amounts for Physical Delivery

For insertion into Paragraph 39(i) of the Final Terms (*Provisions applicable to Physical Delivery - Entitlement Amount*).

Calculation Amount / (Constant Percentage * Performing RI Strike Price* FX)

The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the "**Equity Element**") and in lieu thereof the Issuer will pay a residual amount (the "**Residual Amount**") equal to:

(Entitlement Amount – Equity Element) * Physical Delivery Price * FX

5. Definitions

5.1 General Definitions

"**Additional Leverage**" means [*specify percentage*].

"**AER Additional Rate**" means, in respect of a [ST AER Valuation Date] or [ST AER Valuation Period], [the AER Rate][AER Rate DCF][AER Rate MT].

"**AER Rate**" means [*specify rate*].

"**AER Rate DCF**" means a percentage calculated as the product of the AER Rate and the applicable Day Count Fraction.

"**AER Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates][Automatic Early Redemption Valuation Dates] from the Issue Date to [and including][but excluding] the [Interest Period in which the relevant Automatic Early Redemption Valuation Date falls][the date of the relevant Automatic Early Redemption Valuation Date].

"**AER Percentage**" means [*specify percentage*].

"**AER Value**" means [specify value from Payout Condition 5.2].

"**Barrier Percentage Strike Price**" means [*specify percentage*].

"**Basket**" means: (a) if the relevant Reference Items are Indices, the Basket of Indices (as defined in the Index Linked Conditions) as specified in the Final Terms; (b) if the relevant Reference Items are Shares, the Basket of Shares (as defined in the Equity Linked Conditions) as specified in the Final Terms; (c) if the relevant Reference Item are Inflation Indices, a basket composed of each Inflation Index specified in the Final Terms (d) if the relevant Reference Item are Fund Shares, the Fund Basket (as defined in the Fund Linked Conditions) as specified in the Final Terms; (e) if the relevant Reference Item are Subject Currencies, a basket composed of each Subject Currency specified in the Final Terms; and (f) in the case of Reference Items which are Shares, ETFs and/or Indices, where applicable, a basket of Shares, ETFs and/or Indices, as specified in the applicable Final Terms,in each case subject to Weightings.

"**Best Lock Value(i)**" means, in respect of a [ST Valuation Date][or ST Valuation Period], the highest RI Value on such [ST Valuation Date][ST Valuation Period] of the Reference Item(s) in Himalaya Basket(i).

"**Best Replace Percentage**" means [*specify percentage*].

"**Bonus Percentage**" means [*specify percentage*].

"**Booster Percentage**" means [*specify percentage*].

"**Call Cap Percentage**" means [*specify percentage*].

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Call Constant Percentage**" means [*specify percentage*].

"**Call Floor Percentage**" means [*specify percentage*].

"**Call Leverage**" means [*specify percentage*].

"**Call Rate**" means:

Constant Percentage(i) + Leverage(i) * Max [Coupon Value(i) – Strike Percentage(i) + Spread(i); Floor Percentage(i)]

"**Call Spread Rate**" means:

Constant Percentage(i) + Leverage(i) * Min [Max [Coupon Value(i) – Strike Percentage(i) + Spread(i); Floor Percentage(i)]; Cap Percentage(i)]

"**Call Spread Percentage**" means [*specify percentage*].

"**Call Strike Percentage**" means [*specify percentage*].

"**Cap Percentage[1][2**]" means [*specify percentage*].

"**Cappuccino Barrier Value**" means:

(a) If in respect of a ST Valuation Date the Cappuccino Barrier Condition is satisfied, Cap Percentage(i);

(b) Otherwise, Coupon Barrier Value(i,k).

"**Cliquet Digital Performance**" means, in respect of a [ST Valuation Date][ST Valuation Period]:

$$\sum_{i=1}^{t} Max\left[FloorPerce\ ntage(i); Min\left[CapPercent\ age(i); CouponValu\ e(i)\right]\right]$$

"**Constant Percentage [1][2][3][4]**" means [*specify percentage*].

"**Coupon Airbag Percentage**" means [*specify percentage*].

"**Coupon Barrier[1][2][3][4]**" means [*specify amount or percentage or number*].

"**Coupon Barrier Value**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], [and in respect of [each][of] Reference Item (k[=[*specify*]) to (k[=[*specify*])], [*specify defined term from Payout Condition 5.2*]. *(Repeat as necessary)*

"**Coupon Lock in**" means:

$$\underset{t=1}{\overset{T}{Max}}\left[\sum_{i=1}^{t} Max\left[FloorPerce\ ntage(i); Min\left[CapPercent\ age(i); CouponValu\ e(i)\right]\right]\right]$$

"**Coupon Value**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])], [*specify defined term from Payout Condition 5.2*] [the Interest Amount payable in respect of each Note shall be an amount equal to [*specify*] and Condition 4(b)(ii) and 4(b)(v) shall be interpreted accordingly].

"**Current Interest Period**" means, in respect of an Automatic Early Redemption Valuation Date, the Interest Period during which such Automatic Early Redemption Valuation Date falls.

"**EDS**" means Max [Floor Percentage; Min [Constant Percentage 3 – nEDS × Loss Percentage; 0]].

"**EDS Barrier Percentage**" means [*specify percentage*].

"**Entitlement Value**" means [the Reference Item][the Worst Value][the Best Value].

"**Final Coupon Rate**"means the Rate of Interest calculated in respect of the [Current Interest Period][Target Final Interest Period](the "**Final Interest Period**")

"**Final Day Count Fraction**" means the Day Count Fraction applicable to the Final Interest Period.

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Final Interest Rate**" means [*insert one of the following*]][*specify*][zero]

[*If capped and guaranteed*:] [the AER Percentage][Target Coupon Percentage] less Paid Coupon Percentage.]

[*If not capped or guaranteed*:] [the Final Coupon Rate multiplied by the Final Day Count Fraction.]

[*If capped only*:] [Min [Final Coupon Rate * Final Day Count Fraction; AER Percentage or Target Coupon Percentage, as applicable, less Paid Coupon Percentage].]

[*If guaranteed only*:] [Max [Final Coupon Rate * Final Day Count Fraction; AER Percentage or Target Coupon Percentage, as applicable, less Paid Coupon Percentage].]

"**Final Redemption Condition Level [1][2][3][4]**" means [*specify amount or percentage or number*].

"**Final Redemption Value**" means, in respect of a [ST Valuation Date][ST Valuation Period][*specify defined term from Payout Condition 5.2*].

"**Fixed Best Percentage**" means [*specify percentage*].

"**Floor Lock in**" means Constant Percentage [1] multiplied by the integer number resulting from the quotient of the Coupon Lock-in and Constant Percentage [1].

"**Floor Percentage [1][2]**" means [*specify percentage*].

"**Forward**" means FR Value – Strike Percentage.

"**FR Additional Rate**" means [FR Rate][FR MT up Rate][FR Rate DCF][FR Rate MT].

"**FR Cap Percentage**" means [*specify percentage*].

"**FR Condition Level**" means [specify percentage, amount or number].

"**FR Constant Percentage**" means [*specify percentage*].

"**FR Floor Percentage**" means [*specify percentage*].

"**FR Leverage**" means [*specify percentage*].

"**FR MT up Rate**" means:

(a) (*insert if cap is applicable)* [Min [Max [FR Floor Percentage; FR Leverage * (FR Value - FR Strike Percentage) + FR Spread]; FR Cap Percentage] + FR Constant Percentage].]

(b) (*insert if cap is not applicable)* [Max [FR Floor Percentage; FR Leverage * (FR Value - FR Strike Percentage) + FR Spread + FR Constant Percentage].]

"**FR Rate**" means [*specify rate*].

"**FR Rate DCF**" means a percentage calculated as the product of the FR Rate and the applicable Day Count Fraction.

"**FR Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates] from and including the Issue Date to [and including][but excluding] the [Interest Period in which the relevant ST Valuation Date falls][date of the relevant ST Valuation Date].

"**FR Spread**" means [*specify percentage*].

"**FR Strike Percentage**" means [*specify percentage*].

"**FR Value**" means, in respect of a [ST FR Valuation Date][ST FR Valuation Period], [*specify defined term from Payout Condition 5.2*].

"**FX**" is the relevant RI FX Level(i) on the relevant ST Valuation Date or if that is not a Business Day the immediately succeeding Business Day.

"**Himalaya Basket(i)**" means, in respect of a ST Valuation Date(i), a Basket comprising each Reference Item in Himalaya Basket(i-1) but excluding the Reference Item in relation to Best Lock Value(i-1).

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**K**" means [*specify number*], being the total number of Reference Items in the Basket.

"**Lever Down**" means [*specify percentage*].

"**Leverage**" means [*specify percentage*].

"**Lever Up [1][2]**" means [*specify percentage*].

"**Local Floor Percentage**" means [*specify percentage*].

"**Loss Percentage**" means [*specify percentage*].

"**M**" means a series of ST Valuation Dates or ST Valuation Periods.

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets.

"**Min**" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi-colon inside those brackets.

"**Min Coupon**" means [*specify percentage*].

"Modified Value(i,k)"means:

(a) If the Coupon Value(i,k) is one of the nfixed greatest value in the basket of the Reference Items, the Fixed Best Percentage; and

(b) Otherwise, Coupon Value(i,k).

"**Multiplier Level**" means [*specify percentage*].

"**Multiplier Number**" shall be the number of times that the Multiplier Condition is satisfied.

"**Multiplier Value**" means, in respect of a ST Valuation Date or ST Valuation Period, [*specify defined term from Payout Condition 5.2*].

"**n**" means:

(a) in respect of "Rate of Interest (xiv) – Mozart" in respect of a ST Coupon Valuation Date, the number calculated as the number of ST Coupon Valuation Dates (in the period from the Issue Date to and including such ST Coupon Valuation Date) on which the Barrier Count Condition is satisfied; and

(b) in respect of "Rate of Interest (x) – Range Accrual" in respect of a ST Coupon Valuation Date, the number of Range Accrual Days in the relevant Range Period on which the [Range Accrual Coupon Condition][Range Accrual Countdown Condition] is satisfied.

"**N**" means:

(a) in respect of "Rate of Interest (xv) – Mozart Variable", [*specify number*] being the maximum number of times that the Barrier Count Condition may be satisfied from [and including] the Issue Date to [but excluding] the Maturity Date; and

(b) in respect of "Rate of Interest (ix) Range Accrual" for each ST Coupon Valuation Date, the total number of Range Accrual Days in the relevant Range Period.

"**nEDS**" means the number of Reference Items in the Basket in respect of which the FR Value is [less than or equal to][less than] EDS Barrier Percentage.

"**nfixed**" means [*specify number*].

"**Option**" means [Put][Put Spread][EDS][Forward].

"**Paid Coupon Percentage**" means, in respect of an Automatic Early Redemption Valuation Date or Target Determination Date, the sum of the values calculated for each Interest Period as the product of (i) the Rate of Interest and (ii) the Day Count Fraction, in each case for such Interest Period preceding the Current Interest Period (in the case of an Automatic Early Redemption Valuation Date) or the Target Final Interest Period (in the case of a Target Determination Date).

"**Physical Delivery Price**" means, in respect of a ST Valuation Date, the RI Closing Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.

"**Previous Interest**" means, in respect of a ST Coupon Valuation Date, the Rate of Interest determined on the ST Coupon Valuation Date immediately preceding such ST Coupon Valuation Date or, in respect of the first ST Coupon Valuation Date, zero.

"**Put**" means Max [Strike Percentage – FR Value; 0].

"**Put Cap Percentage**" means [*specify percentage*].

"**Put Constant Percentage**" means [*specify percentage*].

"**Put Floor Percentage**" means [*specify percentage*].

"**Put Leverage**" means [*specify percentage*].

"**Put Spread**" means Min [Max [Strike Percentage – FR Value; 0]; Cap Percentage].

"**Put Strike Percentage**" means [*specify percentage*].

"**RA Barrier [1][2][3][4]**" means in respect of a Reference Item, [*specify percentage*].

"**RA Barrier Value**" means, [*specify value from Payout Condition 5.2*][in respect of an ST Coupon Valuation Date and a Reference Item, the [*specify defined term from Payout Condition 5.2*][the Reference Spread].]

"**Ranking**" means, in respect of a ST Valuation Date, the ordinal positioning of each Reference Item by RI Value from lowest RI Value to greatest RI Value in respect of such ST Valuation Date.

"**Rate [A][B][C]**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], [*specify fixed rate*][*specify floating rate determined on the basis set out in item 17 of the Final Terms*][the Call Rate][the Call Spread Rate][Inflation Rate].

"**Rate(n)**" (from n=1 to n=N) means:

(a) in respect of "Rate of Interest (xv) – Mozart Variable" on any ST Coupon Valuation Date , the rate specified in the Final Terms and associated with the number of times that Barrier Count Condition is satisfied on the relevant ST Coupon Valuation Date; and

(b) in respect of "Redemption (xvii) – Podium" on any ST Coupon Valuation Date, the rate specified in the Final Terms and associated with the number of Reference Items in the Basket for which the Podium Condition is satisfied on the relevant ST Coupon Valuation Date.

"**Reference Item [1][2]….[N]**" the asset or reference basis specified as such in the applicable Final Terms.

"**Reference Item Rate**" means, in respect of a ST Valuation Date, a ST Coupon Valuation Date or a ST Coupon Valuation Period, the relevant Rate of Interest determined pursuant to General Condition 4(b) and on the basis of item 24 of the Final Terms. For this purpose, references in Condition 4(b) to the applicable Rate of Interest being determined for each Interest Period shall be construed to be to such Rate of Interest being determined for the applicable ST Valuation Date, ST Coupon Valuation Date or, as the case may be, ST Coupon Valuation Period. The notification requirements set out in Condition 4(b)(v) shall not apply where the Rate of Interest is a Reference Item Rate only.

"**Reference Spread [1][2]**" means Reference Item Rate [1][2] minus Reference Item Rate [1][2]. (NB Complete Reference Item Rates 1 and 2 to reflect Screen Rate Determination or ISDA Determination for relevant CMS Rates. Repeat for further Reference Spread(s) as necessary)

"**RI Weighting**" means, in respect of a Reference Item, [*specify number, amount or percentage*].

"**Spread**" means [*specify percentage*].

"**Strike Percentage [1][2]**" means [*specify percentage*].

"**Sum Rate**" means, in respect of each ST Coupon Valuation Date, the sum of all previous Rates for each ST Coupon Valuation Date since (but not including) the last occurring date on which the relevant Barrier Count Condition was satisfied (or if none the Issue Date).

"**Sum Rate(n)**" means the sum of the Rate(n) determined on the ST FR Valuation Date.

"**T**" means [*specify number*], being the total number of ST Coupon Valuation Dates from and including the Issue Date to but excluding the Maturity Date as specified in the Final Terms.

"**Target Coupon Percentage**"means [*specify percentage*].

"**Total M**" means: [*specify number*] being the total number of [ST Valuation Dates][ST Valuation Periods] for the Notes.

"**Weighting**" means [specify in relation to each Reference Item comprising the Basket].

5.2 Value Definitions

"**Accumulated Coupon**" means, in respect of an Automatic Early Redemption Valuation Date, the sum of the values calculated for each Interest Period including the Current Interest Period as the product of (i) the Rate of Interest and (ii) the Day Count Fraction, in each case for such Interest Period.

"**Average Basket Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Basket Values on each ST Valuation Date in such ST Valuation Period.

"**Average Best Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Best Values on each ST Valuation Date in such ST Valuation Period.

"**Average Rainbow Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Rainbow Values on each ST Valuation Date in such ST Valuation Period.

"**Average RI Value**" means, in respect of a Reference Item and a ST Valuation Period, the arithmetic average of the RI Values for such Reference Item on each ST Valuation Date in such ST Valuation Period.

"**Average Worst Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Worst Values on each ST Valuation Date in such ST Valuation Period.

"**Barrier Initial Price**" means a price equal to the product of (x) the RI Closing Value for a Reference Item on the Strike Date and (y) the Barrier Percentage Strike Price.

"**Barrier Initial Maximum Price**" means a price equal to the product of (x) the greatest RI Closing Value for a Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

"**Barrier Initial Minimum Price**" means an amount equal to the product of (x) the lowest RI Closing Value for such Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

"**Barrier Initial Average Price**" means an amount equal to the product of (x) the arithmetic average of the RI Closing Values for a Reference Item on each Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

"**Basket Performance**" means in respect of an ST Valuation Date, the (a) Basket Value in respect of such day minus (b) 100 per cent.

"**Basket Value**" means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

"**Basket Intraday Value**" means, in respect of a ST Valuation Date [and any time at which a value for all the Reference Items in the Basket is calculated], the sum of the values calculated for each Reference Item in the Basket at such time as (a) the RI Intraday Value for such Reference Item is calculated in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

"**Best Intraday Value**" means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the highest or equal highest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Best Value**" means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**FX Average Level**" means the arithmetic average of the RI FX Levels for a Reference Item on each Strike Day in the Strike Period.

"**FX Closing Level**" means the RI FX Level for a Reference Item on the Strike Date.

"**FX Maximum Level**" means the greatest RI FX Level for a Reference Item on any Strike Day in the Strike Period.

"**FX Minimum Level**" means the lowest RI FX Level for a Reference Item on any Strike Day in the Strike Period.

"**FX Value**" means, in respect of a Reference Item and any day,either (i) the RI FX Level for such day divided by the RI FX Strike Level or (ii) the RI FX Strike Level divided by the RI FX Level for such day, aspecified in the Final Terms.

"**Highest Basket Value**" means, in respect of a ST Valuation Period, the highest or equal highest Basket Value on any ST Valuation Date in such ST Valuation Period.

"**Highest Best Intraday Value**" means, in respect of a ST Valuation Period, the highest or equal highest Best Intraday Value on any ST Valuation Date in such ST Valuation Period.

"**Highest Best Value**" means, in respect of a ST Valuation Period, the highest or equal highest Best Value on any ST Valuation Date in such ST Valuation Period.

"**Highest Rainbow Value**" means, in respect of a ST Valuation Period, the highest or equal highest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

"**Highest RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

"**Highest RI Value**" means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

"**Highest Worst Value**" means, in respect of a ST Valuation Period, the highest or equal highest Worst Value on any ST Valuation Date in such ST Valuation Period.

"**Inflation Rate**" means, in respect of a [ST Valuation Date][ST Valuation Period][specify defined term from Payout Condition 5.2 for a Reference Item which is an Inflation Index].

"**Initial Average Price**" means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on each Strike Day in the Strike Period.

"**Initial Closing Price**" means the RI Closing Value of a Reference Item on the Strike Date.

"**Initial Maximum Price**" means the highest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.

"**Initial Minimum Price**" means the lowest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.

"**Intraday Level**" means, in respect of an Index and subject to the Index Linked Conditions, an amount equal to the level (which shall be deemed to be an amount in the currency of the Index) of such Index as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchanges, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value].

"**Intraday Price**" means, in respect of (i) a Share or a Fund Share that is an ETF and subject to the Equity Linked Conditions or the Fund Linked Conditions, as applicable, an amount equal to the price of such Share or Fund Share

quoted on the relevant Exchange as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value]; and (ii) a Subject Currency and subject to the Foreign Exchange (FX) Rate Conditions, a rate determined by reference to the definition of Settlement Price in the Foreign Exchange (FX) Conditions by the Calculation Agent and for such purpose the applicable Valuation Time shall be any relevant time on the relevant ST Valuation Date

"**Inverse Performance**" means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Inverse Value in respect of such day minus (b) 100 per cent. [and multiplied by (c) the FX Value]

"**Lowest Basket Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Basket Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest Best Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Best Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest Rainbow Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

"**Lowest RI Valu**e" means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Value for such Reference Item for all the ST Valuation Dates in such ST Valuation Period.

"**Lowest Worst Intraday Value**" means, in respect of a ST Valuation Period, the lowest Worst Intraday Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest Worst Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Worst Value on any ST Valuation Date in such ST Valuation Period.

"**Performance**" means, in respect of a Reference Item and a ST Valuation Date,(a) the RI Value for such Reference Item in respect of such day minus (b) 100 per cent [, and multiplied by (c) the FX Value].

"**Performance Difference**" means in respect of a ST Valuation Date, the Performance for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date minus the Performance for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date.

"**Performing RI Strike Price**" means, in respect of a ST Valuation Date, the RI Initial Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.

"**Rainbow Valu**e" means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the Ranked Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

"**Ranked Value**" means, in respect of a ST Valuation Date, the RI Value in respect of the Reference Item with the [first][second][*specify*] Ranking in respect of such ST Valuation Date.

"**RI Composite Value**" means, in respect of a Reference Item and a ST Valuation Date, the [highest or equal highest of][lowest or equal lowest of][arithmetic average of] the RI Average Values in respect of such ST Valuation Date.

"**Restrike Performance**" means, in respect of a Reference Item and a ST Valuation Date [(a) (i) the RI Closing Value for such Reference Item in respect of such day divided by (ii) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date (b) less 100 per cent.][, and multiplied by (c) the FX Value]

"**RI Average Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] the arithmetic average of the RI Closing Value for such Reference Item in respect of each [set of] Averaging Date[s] specified in relation to such ST Valuation Date [, multiplied by (b) the FX Value]

"**RI Closing Value**"means, in respect of a Reference Item and a ST Valuation Date:

(a) if the relevant Reference Item is an Index, the Settlement Level (as defined in the Index Linked Conditions);

(b) if the relevant Reference Item is a Share, the Settlement Price (as defined in the Equity Linked Conditions);

(c) if the relevant Reference Item is an Inflation Index, the Relevant Level (as defined in the Inflation Linked Conditions);

(d) if the relevant Reference Item is a Exchange Traded Fund Share, the Settlement Price (as defined in the Fund Linked Conditions);

(e) if the relevant Reference Item is a Fund, the NAV per Fund Share (as defined in the Fund Linked Conditions);

(f) if the relevant Reference Item is a Subject Currency, the Settlement Price (as defined in the Foreign Exchange (FX) Rate Linked Conditions);

(g) if the relevant Reference Item is a rate of interest, the Reference Rate; and

(h) if the relevant Reference Item is a Reference Spread the Reference Spread,

in each case on such ST Valuation Date.

"**RI FX Level**" means, for the purpose of converting an amount in respect of a Reference Item into the Specified Notes Currency on [*specify date(s)*] [*insert relevant rate and, if applicable, observation time*][(or any successor to such page or service) or if it is not reasonably practicable to determine the RI FX Level from such source, the RI FX Level will be determined by the Calculation Agent as the rate it determines would have prevailed but for such impracticability by reference to such source(s) as it deems appropriate the rate at which the Calculation Agent determines the relevant Reference Item amount could be converted into the Specified Notes Currency (expressed as the Calculation Agent determines appropriate) at or about the time and by reference to such source(s) as the Calculation Agent deems appropriate.]

"**RI FX Rate**" means (i) the RI FX Level, (ii) the FX Value or (iii) the number, as specified in the applicable Final Terms

"**RI FX Strike Level**" means, in respect of a Reference Item, [*specify rate*][FX Closing Level][FX Maximum Level][FX Minimum Level][FX Average Level].

"**RI Growing Average Value**" means, in respect of a Reference Item and a ST Valuation Date, the arithmetic average of [(a)][i)] the RI Closing Value for such Reference Item in respect of each Averaging Date[s] specified in relation to such ST Valuation Date on which the RI Closing Value is [equal to or][higher than] the RI Closing Value in respect of the immediately preceding Averaging Date or if none, the RI Initial Value, divided by [ii] the relevant RI Initial Value [multiplied by (b) the FX Value]

"**RI Initial Value**" means, in respect of a Reference Item, [*specify price*] [Initial Closing Price] [Initial Maximum Price] [Initial Minimum Price][Initial Average Price] [Barrier Initial Price] [Barrier Initial Maximum Price] [Barrier Initial Minimum Price] [Barrier Initial Average Price].

"**RI Intraday Level**" means:

(a) if the relevant Reference Item is an Index, the Intraday Level; or

(b) if the relevant Reference Item is a Share or a Fund Share, the Intraday Price; or

(c) if the relevant Reference Item is a Subject Currency, the Intraday Price.

"**RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Intraday Level for such Reference Item in respect of such ST Valuation Date (ii) divided by the relevant RI Initial Value [multiplied by (b) FX Value].

"**RI Inverse Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Initial Value divided by (ii) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date [, multiplied by (b) the FX Value].

"**RI Restrike Value**" means, in respect of a Reference Item and a ST Valuation Date (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date divided by (b) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date.

"**RI Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date, divided by (ii) the relevant RI Initial Value [multiplied by (b) the FX Value].

"**RI Value Difference**" means, in respect of a ST Valuation Date, the RI Value for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date minus the RI Value for Reference Item (k[=[*specify*]]) in respect of such ST Valuation Date.

"**Worst Intraday Value**" means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the lowest or equal lowest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Worst Inverse Value**" means, in respect of ST Valuation Date, the RI Inverse Value for the Reference Item(s) with the lowest or equal lowest RI Inverse Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Worst Value**" means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

5.3 Dates and Periods

Payments of interest and principal on the Notes may be associated with ST Valuation Dates and/or ST Valuation Periods, as the case may be, as specified in the Final Terms. For the avoidance of doubt, several set of dates may be used for the determination and calculation of a particular payout.

["**Range Accrual Cut-Off Date**" means [in respect of [each][a] Reference Item [(k)] and] [in respect of any [Range Period] [*specify other period*] [the][each] date specified as such in the Final Terms.] or, otherwise, the date falling [*specify number*] [calendar days] [Business Days] [Scheduled Trading Days (as defined in the [*specify*] Conditions] [*specify other*] before the [Range Period End Date] [*specify other*]].

"**Range Accrual Day**" means [an Exchange Business Day][a Scheduled Trading Day][a Business Day][an Interest Determination Date][a calendar day]][an Observation Day][*specify*].

"**Range Period**" means [*specify period*][each][the][Interest Period] [and the final date of each such period, the "**Range Period End Date**"].

"**Redemption Valuation Date**" shall be the relevant date specified as such in the applicable Final Terms.

"**ST Coupon Valuation Date(s)**" means each [Averaging Date][Strike Date][Interest Determination Date][Interest Payment Date][Interest Period End Date][Determination Date][Knock-in Determination Day][Knock-out Determination Day][Settlement Level Date][Settlement Price Date][Valuation Date][Range Accrual Day] [and] [Range Period Cut-Off Date].

"**ST Coupon Valuation Period**" means [the period from and including [*specify*] to and including [*specify*]][each][the][Interest Period] [Range Period].

"**ST ER Valuation Date**" means each [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Date][Knock-out Determination Date].

"**ST ER Valuation Period**"means the period from and including [*specify*] to and including [*specify*].

"**ST FR Valuation Date**"means each [Averaging Date][Settlement Price Date][Settlement Level Date] [Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Date][Knock-out Determination Date].

"**ST FR Valuation Period**"means the period from and including [*specify*] to and including [*specify*].

"**ST Redemption Valuation Date**" means each [Averaging Date][Settlement Price Date][Settlement Level Date] [Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Date][Knock-out Determination Date].

"**ST Redemption Valuation Period**" means the period from and including [*specify*] to and including [*specify*].

"**ST Valuation Date**" means each [Coupon Valuation Date][Strike Date][Redemption Valuation Date][ST Coupon Valuation Date][ST ER Valuation Date][ST FR Valuation Date][ST Redemption Valuation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day][Range Accrual Day] [Settlement Level Date][Settlement Price Date][Fund Valuation Date].

"**ST Valuation Period**" means each [ST Coupon Valuation Period][ST ER Valuation Period][ST FR Valuation Period][ST Redemption Valuation Period][Automatic Early Redemption Valuation Period][Knock-in Determination Period][Knock-out Determination Period].

"**Target Determination Date**" means [*specify date(s)*].

"**Target Final Interest Period**" means the Interest Period ending on but excluding the Maturity Date.

5.4 Conditional Conditions

If one or more conditions defined below are applicable for the determination and calculation of a payout formula(e), the definition shall be inserted, completed and adjusted in the Final Terms in order to take into account any value definitions in Payout Condition 5.2, relevant Date(s) and or Periods, and/or other Variable Data.

"**Barrier Count Condition**" shall be satisfied if, in respect of a ST Coupon Valuation Date, the Coupon Barrier Value on such ST Coupon Valuation Date, as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier.

"**Cappuccino Barrier Condition**" means, in respect of a ST Valuation Date, that the Coupon Barrier Value on such ST Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier.

"**Coupon Barrier Condition [1]**" means, in respect of [a ST Valuation Date][and][a ST Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period], that the Coupon Barrier Value [for [each][any] Observation Date in respect of the relevant] [on such] [ST Valuation Date][and the relevant][ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [1].

"**Coupon Barrier Condition 2**" means, in respect of [a ST Valuation Date][and][a ST Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]], that the Coupon Barrier Value [for [each][any] Observation Date in respect of the relevant] [on such] [ST Valuation Date][and the relevant][ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier 1 but is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [2].

"**Digital Coupon Condition [1]**" means:

(a) in respect of Reference Item 1, that the Coupon Barrier Value for Reference Item 1 for the relevant [ST Coupon Valuation Date][and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to], the CouponBarrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier 2][*insert (ii) if a Coupon Barrier 2 is specified*][; and

(b) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 for the relevant [ST Coupon Valuation Date][and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier [2]](*insert (ii) if a Coupon Barrier [2] is specified*]][*insert (b) if Reference Item 2 is specified).*

"**Digital Coupon Condition 2**" means:

(a) in respect of Reference Item 1, that the Coupon Barrier Value for Reference Item 1 for the relevant [ST Coupon Valuation Date][and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [4]][*insert (ii) if a Coupon Barrier [4] is specified*][; and

(b) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 for the relevant [ST Coupon Valuation Date][and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][and][ST Valuation Period]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier [4]](*insert (ii) if a Coupon Barrier [4] is specified) (insert (b) if Reference Item 2 is specified).*

"**Final Redemption Condition**" means, in respect of a [ST Valuation Date][ST Valuation Period], that the Final Redemption Value [on such ST Valuation Date][in respect of ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Final Redemption Condition Level.

"**Final Redemption Condition [1]**" means, in respect of a [ST Valuation Date][ST Valuation Period], that the Final Redemption Value [on such ST Valuation Dates] [in respect of such ST Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level [1].

"**Final Redemption Condition 2**" means, in respect of a [ST Valuation Date] [ST Valuation Period] that the Final Redemption Value on such [ST Valuation Date] [in respect of such ST Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level [1][, but is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level 2.]

"**Multiplier Condition**" shall be satisfied if, in respect of a [ST Valuation Date][ST Valuation Period], the Multiplier Value [on each Observation Date in respect of such [ST Valuation Date][in respect of such ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Multiplier Level.

"**Podium Condition**" shall be satisfied if, in respect of a Reference Item and a ST Valuation Date, the Final Redemption Value for such Reference Item on such ST Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Final Redemption Condition Level.

"**Range Accrual Countdown Condition**" [, subject as provided below,] will be deemed satisfied if, in respect of each Range Accrual Day in [the][relevant] Range Period [(n)][from and including [*specify*] to [and including][but excluding] [[*specify*] for [each] Reference Item (k[=[*specify*]]), the Coupon Barrier Value for such Reference Item in respect of each such Range Accrual Day is [(i)] [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [*specify number*][and (ii) [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [*specify number](insert (ii) if a Coupon Barrier [specify number]* is specified) [as specified in the table below].

(Replicate and complete the above definition multiple times as necessary or complete the below table)

Range Period n	**From (and including)**	**To (but excluding)**	**Applicable Reference Item (k)**	**[Lower] Coupon Barrier**	**[Upper Coupon Barrier]**
[specify]	*[specify date][Interest Payment Date Falling in [specify]]*	*[specify date][Interest Payment Date Falling in [specify]]*	*[k=(n)] [specify]*	*[specify][%]*	*[specify][%]*
[Repeat as necessary in each row.]	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

Specific Provisions for Range Accrual Countdown Condition:

[In respect of [each] Reference Item (k) and] a Range Accrual Day [(other than a Range Accrual Stub Day)] which is not a [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day or is a Disrupted Day][*specify*] for such Reference Item [(k)], the Coupon Barrier Value for such Reference Item [(k)] on such day shall be the Coupon Barrier Value for such Reference Item [(k)] on the immediately preceding [Business Day[for such Reference Item [(k)]]][Scheduled Trading Day that was not a Disrupted Day][*specify*]. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]

[In respect of [each] Reference Item (k) and the relevant Range Period, the Coupon Barrier Value in respect of such Reference Item [(k)] for each Range Accrual Day after the relevant Range Accrual Cut-Off Date to (and excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Coupon Barrier Value as of such Range Accrual Cut-off Date.]

"**Range Accrual Coupon Condition**" [subject as provided below] will be deemed satisfied if:

(a) in respect of Reference Item (k=1), that the Coupon Barrier Value for such Reference Item for the relevant Range Accrual Day [in the applicable Range Period [(n)]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the relevant Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the relevant Coupon Barrier 2](*insert (ii) if a Coupon Barrier 2 is specified*)[; and

(b) [in respect of Reference Item(k=n), that the Coupon Barrier Value for such Reference Item for the relevant Range Accrual Day [in the applicable Range Period [(n)][from and including [*specify*] to [and including][but excluding][[*specify*] [for [each] Reference Item (k[=[*specify*]])]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the relevant [Upper][Lower] Coupon Barrier [*insert number*] and [(ii) [greater than][less than][equal to or greater than][less than or equal to], the relevant [Upper][Lower] Coupon Barrier [*insert number*]](*insert (ii) if a Coupon Barrier [insert number] is specified)*[as specified in the table below]*(insert this paragraph (b) if Reference Item(k=n) is specified*).

Range Period n	**From (and including)**	**To (but excluding)**	**Applicable Reference Item (k)**	**[Lower] Coupon Barrier**	**[Upper Coupon Barrier]**
[specify]	*[specify date][Interest Payment Date Falling in [specify]]*	*[specify date][Interest Payment Date Falling in [specify]]*	*[k=(n)] [specify]*	*[specify][%]*	*[specify][%]*
[Repeat as necessary in each row.]	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*	*[Repeat as necessary in each row.]*

Specific Provisions for Range Accrual Coupon Condition:

[In respect of [each] Reference Item (k) and] a Range Accrual Day [(other than a Range Accrual Stub Day)] which is not a [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day which is not a Disrupted Day][specify] for such Reference Item [(k)], the Coupon Barrier Value for such Reference Item [(k)] on such day shall be the Coupon Barrier Value for such Reference Item [(k)] on the immediately preceding [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day that was not a Disrupted Day][*specify*]. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]

[In respect of [each] Reference Item (k) and the relevant Range Period, the Coupon Barrier Value in respect of such Reference Item [(k)] for each Range Accrual Day after the relevant Range Accrual Cut-off Date to (but excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Coupon Barrier Value as of such Range Accrual Cut-off Date.]

(Repeat any of the above paragraphs where relevant in relation to each Reference Item)

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

5.5 Enumeration Convention

Without prejudice to any other provision of these Payout Conditions and as a general rule the following suffixes in relation to the payout terms will be used. Other suffix terms may be selected and may be included in the Final Terms with other definitions or provisions from the Payout Conditions:

"**i**" [from i = [*specify*] to i = [*specify*]] or "**m**" [from m = [*specify*] to m = [*specify*]] in relation to the relevant ST Valuation Date or ST Valuation Period.

"**j**" [from j = [*specify*] to j = [*specify*] means the relevant Strike Date.

"**k**" [from k = [*specify*] to k = [*specify*]] means the relevant Reference Item.

"**q**"[from q = [*specify*] to q = [*specify*] or "**t**" [from t = [*specify*] to t = [*specify*] means the relevant Observation Date or ST Valuation Date.

Any of these suffixes will be inserted, completed and explained, if necessary, in the Final Terms and a table for a better understanding may be included, especially in case two or more suffixed apply.

[each date specified as such below (*set out relevant table)*:

k	**ST Valuation Date**	**[Set(s) of] Averaging Dates**
[*specify*]	*[insert date]*	Set n: [*insert dates or describe dates. E.g. "The last [specify] Scheduled Trading Dates of (month, year)*] (*Repeat as necessary for each set n*)
(Repeat as necessary in each row)	*(Repeat as necessary in each row.)*	*(Repeat as necessary in each row.)*

ANNEX 2
ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

If specified as applicable in the Final Terms, the terms and conditions applicable to Index Linked Notes shall comprise the General Conditions and the additional terms and conditions for Index Linked Notes set out below (the "Index Linked Conditions"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between the Index Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an , an Automatic Early Redemption Valuation Date, an Averaging Date, an Observation Date, or a Valuation Date, as the case may be, or on any Knock-in Determination Day or Knock-out Determination Day, as the case may be.

2. Adjustments to an index

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index 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 that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the last Averaging Date, last Observation Date, last Valuation Date, last Knock-in Determination Day, last Knock-out Determination Day, last Strike Date, or last Automatic Early Redemption Valuation Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for, or the method of, calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "**Index Modification**"), or permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (ii) on an Averaging Date, an Observation Date, a Valuation Date, a Strike Date, an Automatic Early Redemption Valuation Date, a Valuation Date, a Knock-in Determination Day or Knock-out Determination Day, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an **"Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then:

(i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date, Averaging Date, Strike Date, Automatic Early Redemption Date, Valuation Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or

(ii) unless Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the Final Terms, on giving notice to Noteholders in accordance with General Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note, taking into account the Index

Adjustment Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Index Adjustment Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) if Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the Final Terms, the Calculation Agent shall calculate the Calculated Index Adjustment Amount as soon as practicable following the occurrence of the Index Adjustment Event (the "**Calculated Index Adjustment Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Index Adjustment Amount plus interest accrued on the Calculated Index Adjustment Amount on a daily basis from and including the Calculated Index Adjustment Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day.

Notwithstanding (i), (ii) and (iii) above, if there are any options or future contracts of the Index traded on the Related Exchange, the Calculation Agent may instead in its sole and absolute discretion, upon the occurrence of an Index Adjustment Amount, make the corresponding adjustments made on any Related Exchange (an "**Exchange Based Adjustment**").

(c) Notice

Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall, as soon as practicable, other than in the case of an Exchange Based Adjustment notify the Issuer of any determination made by it pursuant to paragraph (b) above and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of an Index Adjustment Event, giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Index Adjustment Event or the proposed action.

3. Correction of index

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the level of an Index, if the relevant level of the Index published on a given day which is used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor, (i) in respect of a Composite Index, no later than five Exchange Business Days following the date of the original publication or, (ii) in respect of an Index which is not a Composite Index, within the number of days equal to the Index Correction Period of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the level of the Index will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

4. Additional Disruption Events

(a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (if applicable) (iii) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Weighting and/or any of the other terms of the General Conditions, these Index Linked Conditions and/or the Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(ii) unless Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Final Terms, redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each

Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Adjustment Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) if Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Final Terms, the Calculation Agent shall calculate the Calculated Additional Disruption Amount as soon as practicable following the occurrence of the Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued on the Calculated Additional Disruption Amount on a daily basis from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, at its nominal amount.

(b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

5. Knock-in Event and Knock-out Event

(a) This Index Linked Condition 5 is applicable only:

(i) If "Knock-in Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If "Knock-out Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time the level of the Index triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTE

6. Automatic Early Redemption Event

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period, if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, then the 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 or Automatic Early Redemption Valuation Period, as applicable, and the Issuer shall redeem each Note of a nominal amount equal to the Calculation Amount, at an amount in the relevant currency specified in the Final Terms equal to the relevant Automatic Early Redemption Amount.

7. Definitions

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case if specified in the Final Terms.

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

"**Automatic Early Redemption Amount**" means an amount, in respect of each nominal amount of Notes euqal to the Calculation Amount, being the Automatic Early Redemption Payout set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms or if such date is not a Business Day, the next following Business Day, and no Noteholder shall be entitled to any interest or further payment in respect of such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A),

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Level, (i), (ii), (iii) or (iv) applying or (B) within the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Level**" means means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Automatic Early Redemption Payout**" is as specified in the applicable Final Terms.

"**Automatic Early Redemption Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Condition.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Redemption Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms;

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payment Condition 5.2 (*Value Definitions*).

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTE

"**Averaging Date**" means each date specified as an Averaging Date in the Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

(a) if "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Level provided that, if through the operation of this provision no Averaging Date would occur, then the Averaging Date will not be omitted and the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

(b) if "**Postponement**" is specified as applying in the Final Terms, then the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(c) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(i) where the Notes are Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined in (ii) below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b) (ii) of the definition of Valuation Date below;

(ii) where the Notes are Index Linked Notes relating to a Basket of Indices, the Averaging Date for each Index shall be the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices. If the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices has not occurred for a number of consecutive Scheduled Trading days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of every Index forming part of the Basket of Indices, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) (ii) of the definition of Valuation Date below; and

(iii) for the purposes of these Terms and Conditions "Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Basket of Indices**" means a basket composed of each Index specified in the Final Terms subject to the Weightings.

"**Change of Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant hedge positions relating to an Index and/or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Index Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant securities.

"**Clearance System Business Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTE

"**Component Security**" means, in respect of a Composite Index, each component security of such Index.

"**Composite Index**" means any Index specified as such in the Final Terms, or if not specified, any Index the Calculation Agent determines as such.

"**Coupon Valuation Time**" means the time specified as such in the applicable Final Terms.

"**Disrupted Day**" means any day which is:

(a) (i) in the case of a Composite Index, any Scheduled Trading Day on which: (x) the Index Sponsor fails to publish the level of the Index; (y) the Related Exchange fails to open for trading during its regular trading session; or (z) a Market Disruption Event has occurred; or

(ii) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which (x) the relevant Exchange and/or any Related Exchange fails to open for trading during their regular trading session or (y) a Market Disruption Event has occurred; or

(b) Where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Index Linked Notes and (ii) Equity Linked Notes and/or Fund Linked Notes, a Disrupted Day occurs under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions.

"**Early Closure**" means:

(a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and

(b) in the case of any Index which is not a Composite Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**Exchange**" means:

(a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent; and

(b) in the case of any Index which is not a Composite Index, each exchange or quotation system specified as such for such Index in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means either (i) in the case of a single Index, Exchange Business Day (Single Index Basis) or (ii) in the case of a basket of Indices or other assets, (a) Exchange Business Day (All Indices Basis) or (b) Exchange Business Day (Per Index Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Exchange Business Day (All Indices Basis) shall apply.

"**Exchange Business Day (All Indices Basis)**" means any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each Exchange and each Related Exchange are open for trading during their respective regular trading sessions in respect of such Indices, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of all Composite Indices, (a) the Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) is open for trading during its regular trading session in respect of such Composite Indices, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Cross Asset Basis)**" means, in respect of a basket of assets, any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session in respect of such Indices comprised in the basket (notwithstanding any such

relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) and (ii) in respect of all Composite Indices, (a) the relevant Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) in respect of each Composite Index is open for trading during its regular trading session (notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time) which, in each case, is also an Exchange Business Day under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions, as applicable.

"**Exchange Business Day (Per Index Basis)**" means in respect of any Index:

(a) in the case of any Composite Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of such Composite Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and

(b) in any other case, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Index are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time.

"**Exchange Business Day (Single Index Basis)**" means any Scheduled Trading Day on which (i) in respect of all Indices other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of a Composite Index (a) the relevant Index Sponsor publishes the level of such Composite Index and (b) the relevant Related Exchange, if any, is open for trading during their regular trading session in respect of such Composite Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Disruption**" means:

(a) in the case of any Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (A) any Component Security on the Exchange in respect of such Component Security; or (B) in futures or options contracts relating to such Index on the Related Exchange; and

(b) in the case of any Index which is not a Composite 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 (A) to effect transactions in, or obtain market values for on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"**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) 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 Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Hedging Shares**" means the number of securities comprised in an Index that the Issuer and/or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"**Increased Cost of Hedging**" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) (a) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) to realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Increased Cost of Stock Borrow**" means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security comprised in an Index that is greater than the Initial Stock Loan Rate.

"**Index**" and "**Indices**" mean, subject to adjustment in accordance with these Index Linked Conditions, the index or indices specified in the Final Terms and related expressions shall be construed accordingly.

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTE

"**Index Correction Period**" means (a) the period specified in the Final Terms, or (b) if none is so specified, one Settlement Cycle.

"**Index Sponsor**" means, in relation to an Index, the corporation or other entity 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, which as of the Issue Date is the index sponsor specified for such Index in the Final Terms.

"**Initial Stock Loan Rate**" means, in respect of a security comprised in an Index, the initial stock loan rate specified in relation to such security in the Final Terms.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Level or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Level**" means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions .

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Condition .

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Knock-out Determination Day**" means the date(s) as specified in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-out Level or (B) within the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-out Level**" means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Loss of Stock Borrow**" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Market Disruption Event**" means:

(a) in respect of a Composite Index either:

(i) (a) the occurrence or existence, in respect of any Component Security, of:

(A) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;

(B) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

(C) an Early Closure in respect of such Component Security; and

(b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of such Index; or

(ii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of: (1) a Trading Disruption; (2) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the

Valuation Time in respect of the Related Exchange; or (3) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market opening data; and

(b) in the case of Indices other than Composite Indices, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such 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 such Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

"**Maximum Stock Loan Rate**" means, in respect of a security comprised in an Index, the Maximum Stock Loan Rate specified in the Final Terms.

"**Observation Date**" means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to Omission, Postponement or Modified Postponement, as specified in the Final Terms, contained in the definition of Averaging Date shall apply *mutatis mutandis* as if references in such provisions to Averaging Date were to Observation Date.

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Related Exchange**" means, in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or each exchange or quotation system specified as such for such Index in the Final Terms, any successor to 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 such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where All Exchanges is specified as the Related Exchange in the Final Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

"**Relevant Level**" means, subject as referred to in relation to , Averaging Date, Observation Date, Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day as the case may be in the case of an Index, an amount equal to the official closing level of the Index or, in relation to a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the Final Terms, the level of the Index determined by the Calculation Agent as set out in the Final Terms at the Valuation Time on (i) if Averaging is not specified in the Final Terms, the relevant Settlement Level Date, or (ii) if Averaging is specified in the Final Terms, each Averaging Date.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours subject as provided in Valuation Time below.

"**Scheduled Trading Day**" means either (i) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (ii) in the case of a Basket of Indices, (a) Scheduled Trading Day (All Indices Basis) or (b) Scheduled Trading Day (Per Index

Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Scheduled Trading Day (All Indices Basis) shall apply.

"**Scheduled Trading Day (All Indices Basis)**" means (i) in respect of each Index which is not a Composite Index, any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of each Composite Index, any day on which (a) the Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

"**Scheduled Trading Day (Cross Asset Basis)**" means, in respect of a basket of assets, any day on which (i) in respect of each Index which is not a Composite Index, each relevant Exchange and each Related Exchange (if any) in respect of each such Index is scheduled to be open for trading during its regular trading session, and (ii) in respect of each Composite Index, (a) the relevant Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading during its regular trading session which, in each case, is also a Scheduled Trading Day under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions, as applicable.

"**Scheduled Trading Day (Per Index Basis)**" means:

(a) in respect of an Index other than a Composite Index, any day on which the relevant Exchange and Related Exchange in respect of such Index are scheduled to be open for trading for their respective regular trading session(s); and

(b) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to publish the level of such Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

"**Scheduled Trading Day (Single Index Basis)**" means any day on which (i) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of a Composite Index (a) the relevant Index Sponsor is scheduled to publish the level of such Composite Index and (b) the relevant Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Screen Page**" means the page specified in the Final Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of an Index, the period of Clearance System Business Days following a trade in the securities comprising such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Level**" means, and subject as referred to in Automatic Early Redemption Valuation Date Averaging Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or Valuation Date, as the case may be:

(a) in the case of Index Linked Notes relating to a single Index, (i) if Averaging is not specified in the Final Terms, the Relevant Level for the relevant Settlement Level Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Levels of the Index on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and

(b) in the case of Index Linked Notes relating to a Basket of Indices, (i) if Averaging is not specified in the Final Terms, the Relevant Level for the relevant Settlement Level Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Levels of the Basket of Indices on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

"**Settlement Level Date**" means , the Automatic Early Redemption Valuation Date, , a Knock-in Determination Day or Knock-out Determination Day, an Observation Date, or the Valuation Date, as the case may be.

"**Specified Maximum Days of Disruption**" means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

"Strike Date" means the Strike Date specified in the Final Terms as may be adjusted in accordance with the definition of "Valuation Date" below.

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTE

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Trading Disruption**" means:

(a) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to securities that comprise 20 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange; and

(b) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

"**Valuation Date**" means the Coupon Valuation Date, Strike Date and/or the Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(a) in the case of Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Level by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or

(b) in the case of Index Linked Notes relating to a Basket of Indices, the Valuation Date for each Index, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Index forming part of the Basket of Indices unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day in respect of Index of the Basket of Indices. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Index of the Basket of Indices, notwithstanding the fact that such day is a Disrupted Day with respect to any Index, and (ii) the Calculation Agent shall determine the Settlement Level using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

"**Valuation Time**" means:

(a) the Coupon Valuation Time or the Valuation Time, as the case may be, specified in the Final Terms; or

(b) if not specified in the Final Terms:

(i) in the case of a Composite Index, means in respect of such Index: (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (B) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or

(ii) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Coupon Valuation Time or Valuation Time, as the case may be, is after the actual closing time for its regular trading session, then the Coupon Valuation Time or Valuation Time, as the case may be, shall be such actual closing time.

"**Weighting**" means the weighting to be applied to each item comprising the Basket of Indices as specified in the Final Terms.

8. Index Disclaimer

The following wording will be inserted in the relevant Final Terms, if required, and unless the relevant Index has a bespoke disclaimer in which case such bespoke disclaimer shall substitute this wording.

The Index Linked Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Notes. The Issuer shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

ANNEX 3
ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Equity Linked Notes shall comprise the General Conditions and the additional terms and conditions for Equity Linked Notes set out below (the "**Equity Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between the Equity Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Issuer, the Guarantor, the Principal Paying Agent and the Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Automatic Early Redemption Valuation Date, an Averaging Date, an Observation Date, an or a Valuation Date, as the case may be, or on a Knock-in Determination Day or a Knock-out Determination Day, as the case may be.

2. Depositary Receipts

(a) Application of Depositary Receipt provisions

If "Depositary Receipt provisions" are specified as applicable in the Final Terms, for the purposes of these Equity Linked Conditions in relation to each relevant Depositary Receipt:

(i) references to "**Share**" or "**Shares**" shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company or Basket Company to which the relevant Depositary Receipts specified in the Final Terms relate;

(ii) references to "**Exchange**" shall, in the context of the ordinary shares or other relevant equity securities of the Share Company or Basket Company, be deemed to be references to the Share Exchange specified in the Final Terms;

(iii) references to "**Share Company**" or "**Basket Company**" shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;

(iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 3;

(v) "a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares"; and

(vi) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 5:

(A) a Termination; and

(B) an Adjustment Event.

(b) Definitions specific to Depositary Receipts

"**Adjustment Event**" means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or Basket Company or any party having influence over such terms and conditions) or the Depositary Receipts are converted into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

"**Depositary Receipt**" means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company or Basket Company, as specified in the Final Terms, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 3 and 4.

"**Termination**" means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being given by the Share Company or Basket Company to the depositary of the Shares to withdraw or surrender the Shares.

3. Potential Adjustment Events and Extraordinary Events

(a) Potential Adjustment Events

(i) "**Potential Adjustment Event**" means any of the following:

(A) a subdivision, consolidation or reclassification of relevant Shares (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;

(B) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, 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 (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(C) an extraordinary dividend as determined by the Calculation Agent;

(D) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;

(E) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(F) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, 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, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;

(G) any adjustment effected as a result of any shareholder rights plan or arrangement as described in (D) above; or

(H) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

(ii) "**Potential Adjustment Event Effective Date**" means, in respect of a Potential Adjustment Event, the date on which such Potential Adjustment Event is announced by the relevant Basket Company or Share Company, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion.

(iii) Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion 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 dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange ("Exchange Based Adjustment") to options on the Shares traded on that options exchange.

(iv) Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall, other than where Exchange Based Adjustment applies, notify the Issuer as soon as practicable, and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13, stating the occurrence of the Potential Adjustment Event, giving details thereof and the adjustment to be taken in relation thereto, provided that any failure to give or non-receipt of such notice will not affect the validity of such Potential Adjustment Event or Potential Adjustment Event Effective Date, or the adjustment in relation thereto.

(b) Extraordinary Events

The occurrence of any of De-Listing, Insolvency, Merger Event, Nationalisation, Tender Offer (unless Tender Offer is specified as not applicable in the Final Terms), or, if specified as applicable in the Final Terms, lliquidity, Listing Change or Listing Suspension, as the case may be, shall be deemed to be an "**Extraordinary Event**", the consequences of which are set forth below:

"**De-Listing**" means, in respect of any relevant Shares, that the Exchange announces pursuant to the rules of such Exchange, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"**Illiquidity**" means, in respect of Equity Linked Notes that, in the determination of the Calculation Agent, during any period of five consecutive Scheduled Trading Days falling after the Issue Date (the "Relevant Period"), (a) the difference between the bid prices and the ask prices in respect of any relevant Share during the Relevant Period is greater than 1 per cent. (on average), and/or (b) the average purchase price or the average selling price, (each of (a) and (b) determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period), in relation to the purchase or sale of Shares with a value equal to or greater than EUR 10,000.00 (or its equivalent in any other currency as determined by the Calculation Agent at such time and by reference to such sources as it determines appropriate),, is greater than MID plus 1 per cent. of MID (in relation to a purchase of Shares) or lower than the MID minus 1 per cent. of MID (in relation to a sale of Shares). For these purposes, "MID" means an amount equal to (a) the sum of the bid price and the ask price, in each case for the relevant Share at the relevant time, (b) divided by two.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

"**Listing Change**" means, in respect of any relevant Shares, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the listing compartment or the relevant market of the Exchange on which such Shares were listed, traded or publicly quoted on the Issue Date, for any reason (other than a Merger Event or Tender Event or where this is a De-Listing).

"**Listing Suspension**" means, in respect of any relevant Shares, that the listing of such Shares on the Exchange has been suspended (other than where this is a De-Listing).

"**Merger Event**" means, in respect of any relevant Shares, 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 a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, 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 Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, 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, in each case if the relevant Extraordinary Event Effective Date is on or before (a) in the case of Cash Settled Notes, the latest of the last occurring Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day , Observation Date or Valuation Date, , or, where Averaging is specified in the Final Terms, the final Averaging Date or (b) in the case of Physical Delivery Notes, the relevant Maturity Date.

"**Nationalisation**" means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Tender Offer**" means 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 30 per cent. and less than 100 per cent. (the "**Percentage Range**") of the outstanding voting shares of the Basket Company or Share Company, as the case may be, 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.

(c) Consequences of the occurrence of an Extraordinary Event:

If an Extraordinary Event occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) (if applicable), (v) or, in the case of Notes relating to a Basket of Shares only, (vi) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms to account for the relevant Extraordinary Event, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange. In addition, in relation to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares in accordance with the provisions of sub-paragraph (vi) below;

(ii) in the case of Equity Linked Notes relating to a Basket of Shares, redeem the Notes in part by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed in part the portion (the "**Redeemed Amount**") of each Note representing the affected Share(s) shall be redeemed and the Issuer will:

(A) pay to each Noteholder in respect of each Note held by him an amount equal to the fair market value of the Redeemed Amount, taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and

(B) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms to account for such redemption in part. For the avoidance of doubt the remaining part of each Note after such cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13;

(iii) unless Delayed Redemption on the Occurrence of an Extraordinary Event is specified as being applicable in the Final Terms, on giving notice to Noteholders in accordance with General Condition 13, redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Extraordinary Event Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13;

(iv) if Delayed Redemption on the Occurrence of an Extraordinary Event is specified as being applicable in the Final Terms, require the Calculation Agent to calculate the Calculated Extraordinary Event Amount as soon as practicable following the occurrence of the relevant Extraordinary Event (the "**Calculated Extraordinary Event Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Extraordinary Event Amount plus interest accrued on the Calculated Extraordinary Event Amount on a daily basis from and including the Calculated Extraordinary Event Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount;

(v) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or

(vi) on or after the relevant Extraordinary Event Effective Date, require the Calculation Agent to adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each, a "**Substitute Share**") for each Share (each, an "**Affected Share**") of each Basket Company (each, an "Affected **Basket Company**") which is affected by such Extraordinary Event and the Substitute Share will be deemed to be a "Share", and the issuer of such shares a "**Basket Company**", for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected Share, the relevant Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Initial Price} = A \times (B/C)$$

where:

"**A**" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected Share; and

"**C**" is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary Event Effective Date.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must satisfy the following criteria, in the sole and absolute discretion of the Calculation Agent:

(A) where the relevant Extraordinary Event is a Merger Event or a Tender Offer and the relevant share is not already included in the Basket of Shares, the relevant share shall be an ordinary share of the entity or person (other than the Affected Basket Company) involved in the Merger Event or the making of the Tender Offer, that is, or that as of the relevant Extraordinary Event Effective Date (i) is promptly scheduled to be, 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 state of the European Union) and (ii) is not subject to any currency exchange controls, trading restrictions or other trading limitations; or

(B) where (A) above does not apply, including in the case of an Extraordinary Event other than a Merger Event or a Tender Offer:

(1) the issuer of the share shall, to the extent possible, belong to the same economic sector as the Affected Basket Company and shall not already be included in the Basket of Shares; and

(2) the issuer of the share shall, to the extent possible, have a comparable market capitalisation, international standing and exposure as the Affected Basket Company in respect of the Affected Share.

Upon the occurrence of an Extraordinary Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable, and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Extraordinary Event, giving details thereof and the action proposed to be taken in relation thereto, including, in the case of a Share Substitution, the identity of the Substitute Shares and the Substitution Date, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Extraordinary Event or the proposed action.

4. Correction of Share Price

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the price of a Share, if the relevant price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Exchange within the number of days equal to the Share Correction Period of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the price of a Share will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

5. Additional Disruption Events

(a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or if applicable (iii) or, in the case of Notes linked to a Basket of Shares only, (iv) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(ii) unless Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Final Terms, redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Disruption Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) if Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Final Terms, require the Calculation Agent to calculate the Calculated Additional Disruption Amount as soon as practicable following the occurrence of the Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued on the Calculated Additional Disruption Amount on a daily basis from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater its nominal amount; or

(iv) in the case of Notes linked to a Basket of Shares, require the Calculation Agent to adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each a "**Substitute Share**") for each Share (each an "**Affected Share**") which is affected by the Additional Disruption Event and the Substitute Share will be deemed to be a "**Share**" and the issuer of such shares a "**Basket Company**" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if

any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected Share, the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Initial Price} = A \times (B/C)$$

where:

"**A**" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected Share; and

"**C**" is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant date of the Additional Disruption Event.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

(i) is not already included in the Basket of Shares;

(ii) the Issuer of such share belongs to the same economic sector as the Basket Company in respect of the Affected Share; and

(iii) the Issuer of such share has a comparable market capitalisation, international standing and exposure as the Basket Company in respect of the Affected Share.

(b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto, provided that any failute to give, or non receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action..

6. Knock-in Event and Knock-out Event

(a) This Equity Linked Condition 6 is applicable only:

(i) If "Knock-in Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If "Knock-out Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred

and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins or ends at the time at which the price of the Share would otherwise have triggered the Knock-in Event or the Knock-out Event, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

7. Automatic Early Redemption Event

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then, unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date (ii) in respect of an Automatic Early Redemption Valuation Period, if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, the 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 or Automatic Early Redemption Valuation Period, as applicable and the Issuer shall redeem each Note of a nominal amount equal to the Calculation Amount, at an amount equal to the relevant Automatic Early Redemption Amount.

8. Definitions

"**Additional Disruption Event**" means any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Stop-Loss Event and/or Loss of Stock Borrow, in each case if specified in the Final Terms.

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

"**Automatic Early Redemption Amount**" an amount, in respect of each nominal amount of Notes , equal to the Calculation Amount, being the Automatic Early Redemption Payout set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day and no Noteholder shall be entitled to any interest or further payment in respect of any such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Price, (i), (ii), (iii) or (iv) applying or (B) within the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Payout**" is as specified in the applicable Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**Automatic Early Redemption Price**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in these Equity Linked Conditions.

"**Automatic Early Redemption Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Equity Linked Conditions.

"Automatic Early Redemption Valuation Date" means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Final Terms.

"AER Value" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Averaging Dat**e" means each date specified as an Averaging Date in the Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

(a) If "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of Valuation Date will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

(b) if "**Postponement**" is specified as applying in the Final Terms, then the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(c) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(i) where the Notes are Equity Linked Notes relating to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined in (iii) below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below;

(ii) where the Notes are Equity Linked Notes relating to a Basket of Shares, the Averaging Date for each Share shall be the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares. If the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of every Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below; and

(iii) for the purposes of these Terms and Conditions, **"Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not occur.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**Basket Company**" means each company specified as such in the Final Terms and "**Basket Companies**" means all such companies.

"**Basket of Shares**" means (i) a basket composed of Shares of each Basket Company specified in the Final Terms in the Weightings or numbers of Shares of each Basket Company specified in the Final Terms.

"**Change of Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant Share.

"**Clearance System Business Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Coupon Valuation Time**" means the time specified as such in the applicable Final Terms

"**Disrupted Day**" means any Scheduled Trading Day on which:

(a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;

(b) a Market Disruption Event has occurred; or

(c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Equity Linked Notes and (ii) Index Linked Notes and/or Fund Linked Notes, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Fund Linked Conditions.

"**Early Closure**" means the closure on any Exchange Business Day of relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the "**Valuation Time**" on such Exchange Business Day.

"**Exchange**" means, in respect of a Share, each exchange or quotation system specified as such for such Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means either (i) in the case of a single Share, Exchange Business Day (Single Share Basis) or (ii) in the case of a basket of Shares or other assets, (a) Exchange Business Day (All Shares Basis) or (b) Exchange Business Day (Per Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms.

"**Exchange Business Day (All Shares Basis)**" means, in respect of a Basket of Shares, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading in respect of all Shares comprised in the Basket of Shares during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Cross Asset Basis)**" means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is open for trading during its regular trading session (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or the Fund Linked Conditions.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**Exchange Business Day (Per Share Basis)**" means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Share is open for trading during its respective regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Single Share Basis)**" means any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time.

"**Exchange Disruption**" means, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

"**Extraordinary Event Effective Date**" means, in respect of an Extraordinary Event, the date on which such Extraordinary Event occurs, as determined by the Calculation Agent in its sole and absolute discretion.

"**Failure to Deliver**" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

"**Hedging Disruption**" means that the Issuer or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(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 Notes, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Hedging Shares**" means the number of Shares that the Issuer or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"**Increased Cost of Hedging**" means that the Issuer or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer, issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Increased Cost of Stock Borrow**" means that the Issuer or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

"**Initial Stock Loan Rate**" means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the Final Terms.

"**Insolvency Filing**" means that a Share Company or Basket Company institutes or has 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, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(a) greater than;

(b) greater than or equal to;

(c) less than; or

(d) less than or equal to,

the Knock-in Price or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Price**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

"**Knock-in Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Equity Linked Conditions.

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(a) greater than;

(b) greater than or equal to;

(c) less than; or

(d) less than or equal to,

the Knock-out Price or (B) within the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Price**" means the price, amount, percentage or number specified as such in the Final Terms subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

"**Knock-out Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Equity Linked Conditions;

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**Loss of Stock Borrow**" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Market Disruption Event**" means, in relation to Equity Linked Notes relating to a single Share or a Basket of Shares, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent in its sole and absolute discretion, determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant Share triggers respectively the occurrence of the Knock-in Event or the Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

"**Maximum Stock Loan Rate**" means, in respect of a Share, the Maximum Stock Loan Rate specified in the Final Terms.

"**Observation Date**" means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to Omission, Postponement or Modified Postponement, as the case may be, contained in the definition of Averaging Date shall apply *mutatis mutandis* as if references in such provisions to Averaging Date were to Observation Date.

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Related Exchange**" means, in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the Final Terms, any successor to 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), provided that where "**All Exchanges**" is specified as the Related Exchange in the Final Terms, "**Related Exchange**" shall mean 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.

"**Relevant Price**" means, subject as referred to in relation to any , Automatic Early Redemption Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Averaging Date, Observation Date or Valuation Date, as the case may be, in the case of a Share, an amount equal to the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Share on (i) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the relevant Averaging Date or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide..

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours subject as provided in Valuation Time below.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**Scheduled Trading Day**" means either (i) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (ii) in the case of a Basket of Shares, (a) Scheduled Trading Day (All Shares Basis) or (b) Scheduled Trading Day (Per Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms.

"**Scheduled Trading Day (All Shares Basis)**" means, in respect of a Basket of Shares, any day on which each Exchange and each Related Exchange are scheduled to be open for trading in respect of all Shares comprised in the Basket of Shares for their respective regular trading sessions.

"**Scheduled Trading Day (Cross Asset Basis)**" means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is scheduled to be open for trading for its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Fund Linked Conditions, as applicable.

"**Scheduled Trading Day (Per Share Basis)**" means in respect of a Basket of Shares, any day on which the relevant Exchange and Related Exchange in respect of such Share are scheduled to be open for trading for their respective regular trading sessions.

"**Scheduled Trading Day (Single Share Basis)**" means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Valuation Date**" means, in respect of a Share, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Screen Page**" means the page specified in the Final Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of a Share, the period of Clearance System Business Days following a trade in the Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Price**" means, subject as referred to in relation to any Automatic Early Redemption Valuation Date, Averaging Date, Observation Date, , Knock-in Determination Day, Knock-out Determination Day or Valuation Date, as the case may be:

(a) in the case of Equity Linked Notes relating to a single Share, (A) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (B) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices of the Share on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and

(b) in the case of Equity Linked Notes relating to a Basket of Shares, (A) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices for each Share in the Basket of Shares on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

"**Settlement Price Date**" means any Automatic Early Redemption Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date as the case may be.

"**Shares**" and "**Share**" mean in the case of an issue of Notes relating to a Basket of Shares, each share and, in the case of an issue of Notes relating to a single Share, the share specified in the Final Terms and related expressions shall be construed accordingly.

"**Share Company**" means, in the case of an issue of Notes relating to a single Share, the company that has issued such Share.

"**Share Correction Period**" means (i) the period specified in the Final Terms, or (ii) if none is so specified, one Settlement Cycle.

"**Specified Maximum Days of Disruption**" means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

"**Stop-Loss Event**" means, in respect of a Share, the price of any Share as quoted on the relevant Exchange for such Share at any time or the Scheduled Closing Time, as specified in the Final Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, is less than 5 per cent., or such percentage specified in the Final Terms, of its Strike Price or, if no Strike Price is stipulated in the Final Terms, the price given as the benchmark price for such Share in the Final Terms, all as determined by the Calculation Agent.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**Strike Date**" means the Strike Date specified in the Final Terms as may be adjusted in accordance with the definition of "Valuation Date" below,

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Trading Disruption**" means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Share or (b) in futures or options contracts relating to such Share on any relevant Related Exchange.

"**Valuation Date**" means the Coupon Valuation Date, Strike Date and/or Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(a) in the case of Equity Linked Notes relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

(b) in the case of Equity Linked Notes relating to a Basket of Shares, the Valuation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Shares forming part of the Basket of Shares unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to any Share of the Basket of Shares. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Share of the Basket of Shares, notwithstanding the fact that such day is a Disrupted Day with respect to any Share, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the relevant affected Share, the level or value as applicable, determined in the manner set out in the Final Terms, and, in the case of a Share, a price determined in the manner set out in the Final Terms or, if not set out or if not practicable, using its good faith estimate of the value for the affected Share as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

"**Valuation Time**" means Coupon Valuation Time or the Valuation Time, as the case may be, specified in the Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Coupon Valuation time or the Valuation Time, as the case may be, shall be such actual closing time.

"**Weighting**" means the weighting to be applied to each item of the Basket of Shares as specified in the Final Terms

ANNEX 4
ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Inflation Linked Notes shall comprise the General Conditions and the additional terms and conditions for Inflation Linked Notes set out below (the "**Inflation Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Inflation Linked Conditions, the Inflation Linked Conditions shall prevail. In the event of any inconsistency between the Inflation Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Delay in Publication

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Index has occurred, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation of any payment under the Notes and/or any other determination to be made in respect of the Notes (the "**Substitute Inflation Index Level**") shall be determined by the Calculation Agent (subject to Inflation Linked Condition 1(b) below, as follows:

(a) if Related Bond is specified as applicable in the 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 relevant Related Bond; or

(b) if (i) Related Bond is not specified as applicable in the relevant Final Terms, or (ii) the Calculation Agent is not able to determine a Substitute Inflation Index Level under (a) above for any reason, then the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

$$\text{Substitute Inflation Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level})$$

where:

"**Base Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the 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 latest level of the Index (excluding any "flash" estimates) published or announced by the 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 Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

The Issuer shall promptly give notice to Noteholders in accordance with General Condition 13 of any Substitute Inflation Index Level calculated pursuant to this Inflation Linked Condition 1.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the Final Terms, then, subject as provided in Inflation Linked Condition 3 such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Linked Condition 1 will be the definitive level for that Reference Month.

2. Successor Index

If the Calculation Agent determines that the level of an Index has not been published by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (a "**Successor Index**") (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

(a) if Related Bond is specified as applicable in the Final Terms, the Calculation Agent shall determine a Successor Index by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;

(b) if (x) Related Bond is not specified as applicable in the Final Terms or (y) a Related Bond Redemption Event is specified as applying in the Final Terms and has occurred and Fallback Bond is not specified as applicable in the

Final Terms, the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be deemed the Successor Index for the purposes of the Notes from the date that such replacement Index comes into effect;

(c) if no Successor Index has been determined under paragraphs (a) or (b) above the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If at least four responses are received, and of those responses, three or more leading independent dealers state the same index, such index will be deemed the Successor Index. If three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the Successor Index. If fewer than three responses are received by the Cut-Off Date or no Successor Index is determined pursuant to this provision, the Calculation Agent will apply the provisions of paragraph (d) below;

(d) if no Successor Index has been determined pursuant to paragraphs (a), (b) or (c) above by the next occurring Cut-Off Date, subject as provided below, the Calculation Agent will determine an appropriate alternative index as of such Cut-Off Date for such affected Determination Date, and such index will be deemed a Successor Index for the purposes of the Notes; or

(e) if the Calculation Agent cannot determine an appropriate alternative index pursuant to sub paragraphs (a) to (d) above, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to Noteholders by the Issuer in accordance with General Condition 13.

3. Adjustments

(a) Successor Index

If a Successor Index is determined in accordance with Inflation Linked Condition 2, the Calculation Agent may make any adjustment or adjustments (without limitation) to any amount payable under the Notes and/or any other relevant term of the Notes as the Calculation Agent deems necessary to account for this. The Issuer shall give notice to the Noteholders of any such adjustment in accordance with General Condition 13.

(b) Substitute Inflation Index Level

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with Inflation Linked Condition 1, the Issuer may make any adjustment or adjustments (without limitation) to (x) the Substitute Inflation Index Level determined in accordance with Index Linked Condition 1 and/or (y) any amount payable under the Notes and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the Noteholders of any such adjustment in accordance with General Condition 13.

(c) Index Level Adjustment Correction

(i) The first publication or announcement of the Relevant Level (excluding any "flash" or other estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Inflation Linked Condition 3(c)(ii) and (iii) 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 Noteholders of any valid revision in accordance with General Condition 13.

(ii) 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 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 Notes and/or any other relevant term of the 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 Noteholders of any such adjustment and/or amount in accordance with General Condition 13.

(iii) 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 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 Notes and/or any other relevant term of the 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 Noteholders of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with General Condition 13.

(d) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Notes 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 Notes, and/or any other relevant term of the 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 Notes as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the Noteholders of any such adjustment in accordance with General Condition 13.

(e) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased 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 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 Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (B) if Related Bond is not specified as applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased and in each case the Issuer may make any adjustment(s) to any amount payable under the Notes and/or any other term of the 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 Note on a date notified by the Issuer to Noteholders in accordance with General Condition 13 at its fair market value, as determined by the Calculation Agent as at the date of redemption taking into account the rebasing less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with General Condition 13.

(f) Index Modification

(i) If on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the Final Terms, make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is not specified as applicable in the Final Terms or a Related Bond Redemption Event has occurred make only those adjustments to the Index, any Relevant Level and/or any other term of the Notes (including, without limitation, any amount payable under the Notes), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.

(ii) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such 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 Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of sub-paragraph (i) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (i) above.

(g) Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes to account therefor or may redeem each Note on the date notified by the Issuer to Noteholders in accordance with General Condition 13 at its fair market value (as determined by the Calculation Agent) as at the date of redemption, taking into account the relevant Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes shall be given to Noteholders in accordance with General Condition 13.

(h) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes to account therefore) or may redeem each Note on the date notified by the Issuer to Noteholders in accordance with General Condition 13 at its fair market value (as determined by the Calculation Agent) as at the date of redemption, taking into account the Index Cancellation, less the cost to the Issuer and/or any Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with General Condition 13.

4. Definitions

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Final Terms.

"**Change in Law**" means that, on or after the Trade Date (as specified in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire or dispose of any relevant hedge positions in respect of the Index for purposes of the Notes.

"**Cut-Off Date**" means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the Final Terms.

"**Delayed Index Level Event**" means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the "**Relevant Level**") in respect of any Reference Month which is relevant to the calculation of any payment under the Notes and/or any other determination in respect of the Notes, in each case by the related Cut-Off Date.

"**Determination Date**" means in respect of an Index and/or Index Level(s) or value(s).) as the case may be, each date specified as such in the applicable Final Terms..

"**Fallback Bond**" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the 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 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 in its discretion. 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) it deems necessary to hedge any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Increased Cost of Hedging**" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Index**" means the index or indices specified in the Final Terms or any Successor Index as determined by the Calculation Agent pursuant to Inflation Linked Condition 2 and related expressions shall be construed accordingly.

"**Index Cancellation**" means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

"I**ndex Modification**" means the 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 Index or in any other way materially modifies the Index.

"**Index Sponsor**" means the entity that publishes or announces (directly or through an agent) the level of the relevant Index which as of the Issue Date of the Notes is the Index Sponsor specified in the Final Terms in relation to the relevant Index.

"**Rebased Index**" has the meaning given to it under Inflation Linked Condition 3 above.

"**Reference Month**" means the calendar month for which the level of the 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 (if any) specified as such in the Final Terms. If the Related Bond specified in the 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 Final Terms as the Related Bond and "Fallback Bond Not applicable" is specified in the Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the Final Terms and that bond redeems or matures before the relevant Determination Date, unless "Fallback Bond Not applicable" is specified in the 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 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 Index Level Event.

"**Strike Date**" means each date specified as a Strike Date in the Final Terms, subject to adjustment in accordance with these Inflation Linked Conditions.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

"**Successor Index**" has the meaning given to it in under Inflation Linked Condition 2.

"**Substitute Inflation Index Level**" has the meaning given in Inflation Linked Condition 1.

ANNEX 5
ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Fund Linked Notes shall comprise the General Conditions and the additional terms and conditions for Fund Linked Notes set out below (the "**Fund Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between the Fund Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Disrupted Day in respect of Notes linked to one or more ETFs

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, a Valuation Date, an Automatic Early Redemption Valuation Date or any Knock-in Determination Day or Knock-out Determination Day, as the case may be.

2. Knock-in Event and Knock-out Event

(a) This Fund Linked Condition 2 is applicable only:

(i) If "Knock-in Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If "Knock-out Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Fund is an ETF and:

(i) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Fund Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date; and

(ii) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time/or period of time during the regular trading hours on the relevant Exchange other than the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Fund Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

3. Automatic Early Redemption

If the Fund is an ETF and Automatic Early Redemption Event is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period, if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, then the Notes will, subject as provided in Fund Linked Condition 6, be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

4. Extraordinary Fund Events

"**Extraordinary Fund Event**" means, in the determination of the Calculation Agent, the occurrence at any time on or after the Issue Date of any of the following events and any applicable Additional Extraordinary Fund Event:

(a) the Fund or any Fund Service Provider (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (1) institutes or has 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, 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 (2) has instituted against it 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, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (iii)(l) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not immediately dismissed, discharged, stayed or restrained; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not immediately dismissed, discharged, stayed or restrained; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in sub-clauses (i) to (v) above;

(b) the commencement of any investigative, judicial, administrative or other civil or criminal proceedings against the Fund, any Fund Service Provider or any key personnel of such entities, if such proceedings could (in the opinion of the Calculation Agent) have an adverse impact on a Hedge Provider's rights or obligations in relation to hedging activities in respect of the Notes;

(c) any Fund Service Provider or other agent or entity fulfilling such role, howsoever described in the Fund Documents as at the Issue Date, ceases to act in such capacity in relation to the Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent;

(d) (i) any of the investment objectives, investment restrictions or investment process (howsoever described) of the Fund are modified from that set out in the Fund Documents except where such change is of a formal, minor or technical nature or (ii) a material modification of the type of assets in which the Fund invests (including but not limited to a material deviation from the investment objectives, investment restrictions or investment process (howsoever described) set out in the Fund Documents);

(e) a material modification of the Fund (including but not limited to a modification of the Fund Documents) or a material modification of the method of calculating the NAV per Fund Share, or any change in the period or timing of the calculation or the publication of the NAV per Fund Share or the occurrence of any event which in the determination of the Calculation Agent has or may have an adverse impact on the Fund or investors in the Fund (including, without limitation, the suspension of the NAV per Fund Share), in each case other than a modification or event which does not affect the Fund Shares or the Fund or any portfolio of assets to which the Fund Share relate (either alone or in common with other Fund Shares issued by the Fund);

(f) any Fund Service Provider fails to provide the Calculation Agent, within a reasonable time, with any information that the Calculation Agent has reasonably requested regarding the investment portfolio of the Fund;

(g) (i) the occurrence of any event affecting a Fund Share that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of the relevant Fund Share; (ii) any failure of the Fund, or its authorised representative, to deliver, or cause to be delivered, (1) information that the Fund has agreed to deliver, or cause to be delivered to the Calculation Agent or Hedge Provider, or (2) information that has been previously delivered to any Hedge Provider or the Calculation Agent, as applicable, in accordance with the Fund's, or its authorised representative's, normal practice and that any Hedge Provider deems necessary for it or the Calculation Agent, as applicable, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the relevant Fund Share;

(h) any of the Fund, the Fund Service Providers, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund fails for any reason to calculate and publish the NAV per Fund Share within the Number of NAV Publication Days following any date scheduled for the determination of the valuation of the Fund Shares unless the cause of such failure to publish is of a technical nature and outside the control of the entity responsible for such publication;

(i) (i) any relevant activities of or in relation to the Fund or the Fund Service Providers are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, (ii) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of the Fund Service Providers, (iii) the Fund is required by a competent authority to redeem any Fund Shares and/or (iv) the Issuer, the Guarantor and/or any Hedge Provider is required by a competent authority, the Fund or any other relevant entity to dispose of or compulsorily redeem any Fund Shares held in connection with any hedging arrangements relating to the Notes;

(j) (i) the non-execution or partial-execution by the Fund for any reason of a subscription or redemption order in respect of any Fund Shares (including, for the avoidance of any doubt, any non-execution by the Fund pending completion of its fiscal audit), if such non-execution or partial execution could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (ii) the Fund otherwise suspends or refuses transfers of any of its Fund Shares as described in the Fund Documents, (iii) if applicable, the Fund ceases to be an undertaking for collective investments under the relevant jurisdiction's legislation, (iv) the Fund otherwise suspends or refuses redemptions of any of its Fund Shares (including, without limitation, if the Fund applies any gating, deferral, suspension or other similar provisions permitting the Fund to delay or refuse redemption or transfer of Fund Shares) as described in the Fund Documents, (v) the Fund imposes in whole or in part any restriction (including, without limitation, any redemption *in specie*), charge or fee in respect of a redemption or subscription of its Fund Shares by the Issuer or any Hedge Provider or exercises its right to claw back the proceeds already paid on redeemed Fund Shares, if in any case it could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (vi) a mandatory redemption, in whole or in part, of the Fund Shares is imposed by the Fund on any one or more holders of Fund Shares at any time for any reason or (vii) the Issuer, any Hedge Provider, or any Affiliate thereof, is required by the Fund or Fund Service Provider to redeem any Fund Shares for any reason;

(k) the aggregate net asset value of the Fund falls below the level of the NAV Barrier;

(l) a NAV Trigger Event occurs;

(m) any proposal to wind up the Fund or the Fund ceases to exist or there exists any litigation against the Fund or a Fund Service Provider which in the determination of the Calculation Agent could materially affect the value of the Fund Shares;

(n) the currency or denomination of the Fund Share is amended from that set out in the Fund Documents so that the net asset value per Fund Share is no longer calculated in the same currency as at the Trade Date;

(o) one or more of the key individuals involved with, or having supervision over, the Fund ceases to act in such capacity, and the Fund or relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;

(p) following the issue by a Fund of a new class or series (howsoever described in the Fund Documents) of shares, the Calculation Agent, determines that such new class or series of shares has or may have an adverse effect on the hedging activities of the Hedge Provider in relation to the Notes;

(q) where the Notes are linked to a Fund Basket, a Basket Trigger Event;

(r) there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge

Provider in respect of the Notes (a "**Tax Event**") and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date the Calculation Agent determines that there is no reasonable means of mitigating the Tax Event as provided above;

(s) in connection with any hedging activities in relation to the Notes, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Issue Date, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a "**Relevant Event**") (i) it would become unlawful or impractical for the Issuer or the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider or the Issuer to adversely modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in respect of any holding of Fund Shares or that would subject a holder of the Fund Shares or the Issuer to any loss), purchase or sell any Fund Shares of the Fund or for the Issuer or the Hedge Provider to maintain such hedging arrangements, (ii) the cost to the Issuer or the Hedge Provider of such hedging activities would be materially increased for any reason or (iii) the Issuer and/or the Hedge Provider would be subject to a material loss and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date the Calculation Agent determines that that there is no means of mitigating the Relevant Event as provided above;

(t) in connection with the hedging activities in relation to the Notes, if the cost to the Issuer or the Hedge Provider in relation to the Notes would be materially increased or the Issuer and/or the Hedge Provider would be subject to a material loss; or

(u) in the case of a Fund which is an ETF, the relevant Exchange announces that pursuant to the rules of such Exchange, the relevant Fund Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or otherwise (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

5. Consequences of an Extraordinary Fund Event

If the Calculation Agent determines that an Extraordinary Fund Event has ocurred, including any Additional Extraordinary Fund Event specified in the Final Terms, other than in the case of an Exchange Base Adjustment, the Calculation Agent shall notify the Issuer and the Issuer shall give notice (an "**Extraordinary Event Notice**") to the Noteholders in accordance with General Condition 13 of the occurrence of such Extraordinary Fund Event (the date on which an Extraordinary Fund Event is given, an "**Extraordinary Fund Event Notification Date**"), giving details of the Extraordinary Fund Event and the action to be taken in respect thereof.

If an Extraordinary Fund Event occurs, the Issuer in its sole and absolute discretion may take any of the actions (each an "**Extraordinary Fund Event Action**") described below, unless otherwise specified in the Final Terms either (a) adjustment (b) effect a Substitution (as defined below) if a Substitution Event has occurred or (c) subject as provided in Fund Linked Condition 6 below, if it is impossible or not reasonably practicable to effect a Substitution or a Termination Event has occurred, redeem the Notes by payment of the Termination Amount on the Termination Date.

(a) Adjusment

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary Fund Event is to be "Adjustment", then the Calculation Agent may determine, in its sole and absolute discretion, the appropriate adjustment(s), if any, to be made to any one or more Fund, Fund Share and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to take account of the Extraordinary Fund Event and determine the effective date of such adjustment, provided that, where the Fund is an ETF, if there are any options or futures

contracts on the ETF traded on the Related Exchange, the Calculation Agent may instead, in its sole and absolute disrection, make the corresponding adjustments made by any Related Exchange (an "**Exchange Based Adjustment**").

(b) Substitution

A "**Substitution Event**" shall be deemed to have occurred if the Calculation Agent determines that any of the Extraordinary Fund Events set out in sub-paragraphs (a) to (p) (inclusive) of Fund Linked Condition 4 or any Additional Extraordinary Fund Event specified in the Final Terms as being a Substitution Event occurs. Following the occurrence of a Substitution Event in respect of any Fund Store, the Calculation Agent shall:

(i) determine the weighted average price at which an investor can redeem the affected Fund Shares in the relevant Fund in such number as determined by the Calculation Agent in its sole and absolute discretion as soon as it is reasonably practicable after its determination of the Substitution Event;

(ii) for a period of not longer than 14 calendar days after the date of its determination of the Substitution Event, use reasonable efforts to substitute the relevant Fund Shares with shares, units or other similar interests in an alternative fund which, in the determination of the Calculation Agent, has similar characteristics to the relevant Fund, including but not limited to, comparable investment objectives, investment restrictions and investment processes and has service providers acceptable to the Calculation Agent;

(iii) if no alternative fund can be determined pursuant to the preceding sub- paragraph (ii) above, use reasonable efforts to substitute the relevant Fund with an index (or a fund tracking an index) selected by the Calculation Agent in its sole and absolute discretion; and

(iv) following any substitution in accordance with sub-paragraph (ii) or (iii) above (a "**Substitution**"), in its sole and absolute discretion amend such of the General Conditions, these Fund Linked Conditions and/or the Final Terms as it determines to be appropriate to take account of such Substitution, including to ensure the weighted average price referred to in (i) above (and any consequent rise or fall in value of the affected Fund Shares since the Issue Date) is reflected in the terms of the Substitution.

(c) Termination

A "**Termination Event**" shall be deemed to have occurred in respect to any Fund or Fund Share if any of the Extraordinary Fund Events set out in sub-paragraphs (q) to (u) (inclusive) of Fund Linked Condition 4 or any Additional Extraordinary Fund Event specified in the Final Terms and specified as being a Termination Event occurs. Upon the occurrence of a Termination Event the Issuer shall redeem all but not some only of the Notes on the Termination Date by payment to each Noteholder of the Termination Amount.

6. Redemption / Termination Date Extension

In the case of Cash Settled Notes, if on the Scheduled Maturity Date, Automatic Early Redemption Date or Termination Date, as the case may be, the Hedge Provider has not, (or is deemed to have not), after having placed one or more redemption orders in respect of its holding of Fund Shares in accordance with the terms of the relevant Fund Documents, received redemption proceeds in full in respect of all Fund Shares (the "**Redemption Proceeds**"), the Calculation Agent may notify the Holders in accordance with General Condition 13 that the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, has been postponed. As soon as practicable following receipt (or deemed receipt) by the Hedge Provider of the Redemption Proceeds the Calculation Agent shall give notice to Holders in accordance with General Condition 13 (such notice the "**Delayed Payment Notice**") and redeem the Notes on the date falling not more than five Business Days following the receipt of the Delayed Payment Notice (such date, the "**Postponed Redemption Date**") by payment to each Holder of the Final Redemption Amount, the Automatic Early Redemption Amount or the Termination Amount, as the case may be, provided that, if the Hedge Provider does not receive the Redemption Proceeds within the period ending on the date (the "**Delayed Payment Cut-off Date**") specified in the Final Terms or, if not so specified, the second anniversary of the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, the Postponed Redemption Date shall be the Delayed Cut-off Date.

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

In the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided in General Condition 4 accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, but shall only be obliged to make such payment of interest on the Postponed Redemption Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay.

7. Definitions

"**Additional Extraordinary Fund Event**" means any of Change in Law, Failure to Deliver, Hedging Disruption and Increased Cost of Hedging, as specified in the Final Terms.

"**Automatic Early Redemption Amount**" means an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Payout set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the immediately succeeding Business Day, provided that no additional amount shall be payable to Holders as a result of such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

(i) greater than,

(ii) greater than or equal to,

(iii) less than or

(iv) less than or equal to,

the Automatic Early Redemption Price, (i), (ii), (iii) or (iv) applying or (B) within the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Payout**" is as specified in the applicable Final Terms.

"**Automatic Early Redemption Price**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in Fund Linked Condition 4 above.

"**Automatic Early Redemption Range**" means the range of prices, amounts, percentages or numbers specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Conditions.

"**Automatic Early Redemption Valuation Date**" means (A) in respect of a Fund other than an ETF each date specified as such in the Final Terms and if such a date is not a Fund Business Day, the immediately following Fund Business Day and (B), each date as specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms;

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Averaging Date**" means (A) in respect of a Fund other than an ETF each date specified as an Averaging Date in the Final Terms or if any such date is not a Fund Valuation Date, the immediately following Fund Valuation Date, unless such immediately following day is not a Fund Valuation Date and (B), in the case of an ETF, each date specified as an Averaging Date in the Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day.

If any such day is (i) not a Fund Valuation Date pursuant to (A) above (a "**Fund Non-Valuation Date**") or (ii) a Disrupted Day pursuant to (B) above, then:

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

(a) If "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price or NAV per Fund Share as applicable provided that if through the operation of this provision no Averaging Date would occur, (i) in respect of ETFs, then the provisions of the definition of Valuation Date will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date or (ii) in respect of Funds, the Calculation Agent may, in its sole and absolute direction, take any of the Extraordinary Fund Event Actions; or

(b) if "**Postponement**" is specified as applying in the Final Terms, then in respect of ETFs the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date 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; or

(c) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(i) where the Notes are Fund Linked Notes relating to a single Fund, the Averaging Date shall be the first succeeding Valid Date (as defined below). (A) In the case of an ETF, if the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of Valuation Date below and (B) in the case of a Fund that is not an ETF, if the first succeeding Valid Date has not occurred for a number of consecutive Fund Business Days equal to the Number of NAV Publication Days immediately following the original date that, but for the occurrence of such date being a Fund Non-Valuation Date or another Averaging Date, would have been the relevant Averaging Date, then , then (A) that last such consecutive Fund Business Day shall be deemed to be the Averaging Date (irrespective of whether such Fund Business Day is already an Averaging Date), and (B) the Calculation Agent in its sole and absolute direction, take any of the Extraordinary Fund Event Actions; or;

(ii) where the Notes are Fund Linked Notes relating to a Fund Basket of ETFs, the Averaging Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Fund Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Fund Share, If the first succeeding Valid Date in relation to such Fund Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Fund Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of Valuation Date below.

(iii) where the Notes are Fund Linked Notes relating to a Fund Basket of Funds that are not ETFs, the Averaging Date for each Fund Share not affected by the occurrence of a Fund Non-Valuation Date shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Fund Share affected by the occurrence of a Fund Non-Valuation Date shall be the first succeeding Valid Date (as defined below) in relation to such Fund Share. If the first succeeding Valid Date has not occurred for a number of consecutive Fund Business Days equal to the Number of NAV Publication Days immediately following the original date that, but for the occurrence of such date being a Fund Non-Valuation Date or another Averaging Date, would have been the relevant Averaging Date, then (A) that last such consecutive Fund Business Day shall be deemed to be the Averaging Date (irrespective of whether such Fund Business Day is already an Averaging Date), and (B) the Calculation Agent in its sole and absolute direction, take any of the Extraordinary Fund Event Actions

(iv) for the purposes of these Fund Linked Conditions "**Valid Date**" means (i) in respect of an ETF, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur, or in respect of a Fund that is not an ETF, a Fund Valuation Date.

"**Basket Price**" means, in respect of any Automatic Early Redemption Valuation Date, an amount determined by the Calculation Agent equal to the sum of, in respect of each Fund Share, the product of (i) the ETF Price or NAV per Fund Share as applicable in respect of such Fund Share on such Automatic Early Redemption Valuation Date and (ii) the relevant Weighting.

"**Basket Trigger Event**" means that a Substitution Event occurs in respect of one or more Funds comprising the Fund Basket which has or, in the event that a Substitution Event has occurred in respect of more than one Fund, together have, a Weighting in the Fund Basket equal to or greater than the Basket Trigger Level.

"**Basket Trigger Level**" has the meaning given to it in the Final Terms or if not so specified, 50 per cent.

"**Calculation Date**" means (A) in the case of a Fund other than ETF, each day(s) specified in the Final Terms, or if not so specified, each day which is a Fund Business Day and (B) in the case of an ETF, each day(s) specified in the Final Terms, or if not so specified, each day which is an Exchange Business Day.

"**Change in Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Fund Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the Fund Linked Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"**Delta-I Termination Amount**" means an amount determined in accordance with the provisions specified in the Final Terms.

"**Disrupted Day**" means, in the case of an ETF, any Scheduled Trading Day on which:

(a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;

(b) a Market Disruption Event has occurred; or

(c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Fund Linked Note and (ii) Index Linked Notes and/or Equity Linked Notes, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Equity Linked Conditions.

"**Early Closure**" means, in the case of an ETF, the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**ETF**" means any Fund specified as being an Exchange Traded Fund in the Final Terms, or if not so specified, any Fund which the Calculation Agent determines to be an exchange traded fund.

"**ETF Price**" means, in respect of any Automatic Early Redemption Valuation Date, the price per Fund Share as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Automatic Early Redemption Valuation Date.

"**Exchange**" means, in the case of an ETF and in relation to a Fund Share, each exchange or quotation system specified as such for such Fund Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Fund Share on such temporary substitute exchange or quotation system as on the original Exchange).

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

"**Exchange Business Day**" means in the case of an ETF, either (i) in the case of a single Fund Share, Exchange Business Day (Single Fund Share Basis) or (ii) in the case of a basket of Funds or other assets, (a) Exchange Business Day (All Fund Shares Basis) or (b) Exchange Business Day (Per Fund Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Exchange Business Day (Per Fund Share Basis) shall apply.

"**Exchange Business Day (All Fund Shares Basis)**" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading session(s) notwithstanding any such Exchange or Related Exchange closing prior to its (their) Scheduled Closing Time.

"**Exchange Business Day (Cross Asset Basis)**" means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Funds comprised in the basket of assets is open for trading during its regular trading session(s) (notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or Equity Linked Conditions, as applicable.

"**Exchange Business Day (Per Fund Share Basis)**" means, in respect of a Fund Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, in respect of such Fund Share are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

"**Exchange Business Day (Single Fund Share Basis)**" means, in respect of a Fund Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

"**Exchange Disruption**" means, in the case of an ETF, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Fund Share on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Fund Share on any relevant Related Exchange.

"**Exchange Rate**", in relation to a Fund Share, shall have the meaning given in the Final Terms.

"**Extraordinary Fund Event Effective Date**" means, in respect of an Extraordinary Fund Event, the date on which such Extraordinary Fund Event occurs, or has occurred, as determined by the Calculation Agent in its sole and absolute discretion

"**Failure to Deliver**" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

"**Final Calculation Date**" means the date specified as such in the Final Terms or, if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

"**Fund**" means Fund(s), or sub-Fund(s) or ETF(s) specified in the Final Terms.

"**Fund Basket**" means a Basket comprising the Fund Shares (including, if applicable, Fund Shares in one or more ETFs) specified in the Final Terms.

"**Fund Business Day**" has the meaning specified in the Final Terms, or, if not so specified, (i) in respect of a single Fund other than an ETF (Single Fund Share Basis), a date (i) that is a Fund Valuation Date and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date; (ii) in respect of an ETF, each Scheduled Trading Day; (iii) in respect of a Fund Basket not comprised of Fund Shares of ETFs, either Fund Business Day (All Fund Shares Basis) or Fund Business Day (Per Fund Share Basis) as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Fund Business Day (Per Fund Share Basis) shall apply; and (iv) in respect of a Fund Basket comprised of ETFs, a day which is a Scheduled Trading Day in respect of each Fund Share comprising the Fund Basket.

"**Fund Business Day (All Fund Shares Basis)**" means with respect to a Fund Basket, a date (i) that is a Fund Valuation Date for all a day on which subscription and redemption orders in respect of each of the Fund Shares comprising the Fund Basket

and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Business Day (Per Fund Share Basis)**" means, with respect to a Fund Share, a date (i) that is a Fund Valuation Date in respect of such Fund Share and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Documents**" means, with respect to any Fund Share, the constitutive and governing documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund Shares specified in the Final Terms as at the Issue Date.

"**Fund Service Provider**" means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for such Fund, whether or not specified in the Fund Documents, including any investment advisor or manager, fund adviser, fund administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the Final Terms.

"**Fund Share(s)**" means an ownership interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest specified as such in the Final Terms.

"**Fund Valuation Date**" means any date as of which, in accordance with the Fund Documents, the Fund (or the Fund Service Provider that generally determines such value) is but for the occurrence of an Extraordinary Fund Event would have been scheduled to determine the NAV per Fund Share.

"**Hedge Provider**" means the party (being, inter alia, the Issuer, the Guarantor (if applicable), the Calculation Agent, an Affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Notes or where no such party actually hedges such obligations, a hypothetical investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of Fund Shares, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of Fund Shares as it (or in the case of a hypothetical investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Notes.

"**Hedging Disruption**" means that the Issuer and/or the Guarantor or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the fund price risk or any other relevant price risk including but not limited to the currency risk of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Warrants, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Implied Embedded Option Value**" means an amount (which may never be less than zero) equal to the present value as of the Implied Embedded Option Value Determination Date of any scheduled but unpaid payments under the Notes in respect of the period from (and including) the Extraordinary Fund Event Effective Date to (and including) the Valuation Date, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion but, notwithstanding anything to the contrary contained herein, taking into account, without limitation, such factors as the net proceeds actually received from the redemption or sale of any Fund Shares by the Hedge Provider, the volatility of the Fund Shares and any transaction costs.

"**Implied Embedded Option Value Determination Date**" means the date determined by the Calculation Agent to be the earlier of (i) the date on which the Hedge Provider receives redemption proceeds in full in respect of its holding of Fund Shares or (ii) the Delayed Payment Cut-off Date.

"**Increased Cost of Hedging**" means that the Issuer and/or the Guarantor or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) 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, fund price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with

respect to the Warrants, or (ii) 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, the Guarantor and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Initial Calculation Date**" means the date specified as such in the Final Terms, or if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Fund Business Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Price or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-in Price**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Condition.

"**Knock-in Range**" means the range of prices, amounts, percentages or numbers specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Conditions.

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Fund Business Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than,

(ii) greater than or equal to,

(iii) less than or

(iv) less than or equal to

the Knock-out Price or (B) within the Knock-out Range (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Final Terms.

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-out Price**" means the price, amount, percentage or number specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with these Fund Linked Conditions.

"**Knock-out Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Fund Linked Condition 1 (Disrupted Day in respect of Notes linked to one or more ETFs) and Fund Linked Condition 4 (Extraordinary Fund Events)

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in the Payout Condition 5.2.

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or, in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**London Business Day**" means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"**Market Disruption Event**" means, if the Fund is an ETF, in respect of a Fund Share the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant Fund Share triggers, respectively, the occurrence of the Knock-in Event or Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

"**NAV Barrier**" has the meaning given to it in the Final Terms.

"**NAV Trigger Event**" means, in respect of any Fund Shares, that (i) the NAV per Fund Share has decreased by an amount equal to, or greater than, the NAV Trigger Percentage(s) at any time during the related NAV Trigger Period; or (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any other contractual restriction binding on or affecting the Fund or any of its assets.

"**NAV Trigger Percentage**" means the percentage specified in the Final Terms or, if not so specified, 50 per cent.

"**NAV Trigger Period**" means the period specified in the Final Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date.

"**NAV per Fund Share**" means, subject as referred to in Averaging Date, with respect to the relevant Fund Share and a Fund Valuation Date:

(a) in respect of a single Fund, (i) if Averaging is not specified in the Final Terms, (A) the net asset value per Fund Share of such Fund Shares as of the relevant Fund Valuation Date, or (B), if the Fund Service Provider of the Fund publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant Calculation Date as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares divided by the relevant number of Fund Shares issued and outstanding on the related Fund Valuation Date, each of (A) or (B) as reported by the Fund Service Provider that generally publishes or reports such value on behalf of the Fund to its investors or a publishing service; or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the net asset values per Fund Share, (determined in accordance with either (A) or (B) of the foregoing sentence) of such Fund Shares on each Averaging Date; and

(b) in respect of a Fund Basket, (i) if Averaging is not specified in the Final Terms, (A) the net asset value per Fund Share for each Fund Share in the Fund Basket as of the relevant Fund Valuation Date, or (B), if the Fund Service Provider of the Fund in relation to a Fund in the Fund Basket publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant

Calculation Date for such Fund as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares for such Fund divided by the relevant number of Fund Shares issued by such Fund and outstanding on the related Fund Valuation Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean, for each Fund Share in the Fund Basket of the net asset values per Fund Share for each Fund in the Fund Basket (determined in accordance with either (A) or (B) of the foregoing sentence) relating to such Fund Shares on each Averaging Date.

"**Non-Principal Protected Termination Amount**" means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount determined by the sum of:

(a) the Implied Embedded Option Value; and

(b) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the Final Terms, the Simple Interest or otherwise zero.

"**Number of NAV Publication Days**" means the number of calendar days specified in the Final Terms, being the maximum number of days after the due date for publication or reporting of the NAV per Fund Share after which the Fund Service Provider or any entity fulfilling such role, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund, may remedy any failure to publish or report the NAV per Fund Share before the Calculation Agent may determine that an Extraordinary Fund Event has occurred.

"**Observation Date**" means either (i) in the case of a Fund Share other than ETF each date specified as an Observation Date in the Final Terms, or if any such date is not a Fund Business Day, the immediately following Fund Business Day and (ii) in the case of a ETF, each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply mutatis mutandis as if references in such provisions to "Averaging Date" were to "Observation Date".

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Principal Protected Termination Amount**" means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount determined by the sum of:

(a) the Protected Amount;

(b) the Implied Embedded Option Value; and

(c) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the Final Terms, the Simple Interest.

"**Protected Amount**" means the amount specified as such in the Final Terms.

"**Related Exchange**" means, in the case of an ETF and in relation to a Fund Share, each exchange or quotation system specified as such for such Fund Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Fund 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 Fund Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where All Exchanges is specified as the Related Exchange in the Final Terms,"**Related Exchange**" shall mean 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 Fund Share.

"**Scheduled Trading Day**" means either (i) in the case of a single ETF and in relation to a Fund Share, Scheduled Trading Day (Single Fund Share Basis) or (ii) in the case of a basket of Funds which are ETFs or other assets, (a) Scheduled Trading Day (All Fund Shares Basis) or (b) Scheduled Trading Day (Per Fund Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Exchange Business Day (Per Fund Share Basis) shall apply.

"**Scheduled Trading Day (All Fund Share Basis)**" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

"**Scheduled Trading Day (Cross Asset Basis)**" means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Funds comprised in the basket of assets is scheduled to be open for trading during its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Equity Linked Conditions, as applicable.

"**Scheduled Trading Day (Per Fund Share Basis)**" means, in respect of a Fund Share, any day on which the relevant Exchange and the relevant Related Exchange in respect of such Fund Share are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Trading Day (Single Fund Share Basis)**" means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Valuation Date**" means any day which but for the occurrence of a Disrupted Day would have been a Valuation Date.

"**Settlement Price**" means, subject as referred to in relation to any Valuation Date or Averaging Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be in the case of an ETF, an amount equal to the official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or an Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Fund Share on (a) if Averaging is not specified in the Final Terms, the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) for the Fund Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Fund Share or on such other factors as the Calculation Agent shall decide).

"**Settlement Price Date**" means any Automatic Early Redemption Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be.

"**Simple Interest**" means an amount calculated by the Calculation Agent equal to the amount of interest that would accrue on the Implied Embedded Option Value during the period from (and including) the Implied Embedded Option Value Determination Date to (and including) the Final Calculation Date calculated on the basis that such interest were payable by the Floating Rate Payer under an interest rate swap transaction incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. under which:

(a) the Effective Date is the Implied Embedded Option Value Determination Date;

(b) the Termination Date is the Termination Date;

(c) the Floating Rate Payer Payment Date is the Termination Date;

(d) the Floating Rate Option is EUR-EURIBOR-Reuters (if the Specified Notes Currency is EUR) or ICE LIBOR (if the Specified Notes Currency is USD);

(e) the Designated Maturity is 3 months;

(f) the Simple Interest Spread is as specified in the Final Terms, or if not so specified minus 0.125 per cent.;

(g) the Floating Rate Day Count Fraction is Actual/360;

(h) the Reset Date is the Implied Embedded Option Value Determination Date and each date falling three calendar months after the previous Reset Date; and

(i) Compounding is Inapplicable, provided that if the final Compounding Period is less than 3 months Linear Interpolation applies.

"**Specified Maximum Days of Disruption**" means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

"**Spread**" is as specified in the Final Terms.

"**Strike Date**" means (i) in the case of a Fund other than ETF, the Strike Date or Initial Calculation Date specified as such in the applicable Final Terms or, if such day is not a Fund Business Day, the immediately succeeding Fund Business Day and (ii) in the case of a ETF the the Strike Date specified in the Final Terms, as may be adjusted in accordance with the definition of "Valuation Date" below.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Termination Amount**" means (i) the Delta-1 Termination Amount; (ii) the Principal Protected Termination Amount or (iii) the Non-Principal Protected Termination Amount as specified in the Final Terms.

"**Termination Date**" means the date determined by the Issuer and specified in the notice given to the noteholders in accordance with these Fund Linked Conditions.

"**Trading Disruption**" means, in the case of an ETF and in relation to a Fund Share, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise (i) relating to the Fund Share on the Exchange; or (ii) in futures or options contracts relating to the Fund Share on any relevant Related Exchange.

"**Valuation Date**" means, in the case of Fund Linked Notes relating to one or more ETF, the Coupon Valuation Date, Strike Date and/or Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(a) in the case of Fund Linked Notes relating to a single Fund Share of an ETF, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

(b) in the case of Fund Linked Notes relating to a basket of Fund Shares of one or more ETFs, the Valuation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Fund Share affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, a. the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and b. the Calculation Agent shall determine the Settlement Price using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

"**Valuation Time**" in the case of an ETF and in relation to a Fund Share means either (i) the close of trading on the Exchange or (ii) as otherwise specified in the Final Terms.

"**Weighting**", in relation to a Fund Share, has the meaning given in the Final Terms.

ANNEX 6
ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Credit Linked Notes shall comprise the General Conditions and the additional terms and conditions for Credit Linked Notes (2014 ISDA Credit Derivatives Definitions Version) set out below (the "**Credit Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail.*

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

In the case of Credit Linked Notes for which more than one Reference Entity is specified in the Final Terms, all references to "the Reference Entity" herein shall be construed to refer to the Reference Entity in respect of which the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly.

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

(a) any relevant Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or

(b) Obligations, Deliverable Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

Credit Linked Notes may take the form of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes or Linear Basket Credit Linked Notes. In the case of Linear Basket Credit Linked Notes, the Notes may be either Non-Tranched ("**Non- Tranched Linear Basket Credit Linked Notes**") to which either Credit Payment on Maturity or Credit Payment As You Go will apply or Tranched ("**Tranched Linear Basket Credit Linked Notes**"). The Final Terms shall specify:

(a) the type of Credit Linked Notes;

(b) the Settlement Method (if applicable) and, where Auction Settlement applies, the applicable Fallback Settlement Method;

(c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur;

(d) the Reference Obligation(s) (if any) in respect of each Reference Entity;

(e) the Trade Date and the Scheduled Maturity Date;

(f) the Reference Entity Notional Amount (if applicable) in respect of each Reference Entity; and

(g) the Transaction Type applicable to each Reference Entity if Physical Settlement Matrix is specified as being applicable in the Final Terms.

Certain elections in respect of Credit Linked Notes and one or more Reference Entities may be made by specifying that the Physical Settlement Matrix is applicable in the Final Terms. In this case the provisions of Credit Linked Condition 20 apply.

The application of any of Credit Linked Conditions 6, 7, 8, 9 or 11 below shall, for the avoidance of doubt, not preclude the application of any other such Credit Linked Condition either contemporaneously or subsequently and in the event that any such provisions are inconsistent or the Calculation Agent becomes entitled to exercise a discretion under one or more of such provisions, the Calculation Agent may elect in its discretion which provision shall apply and under which provision or provisions it shall exercise its discretion.

1. Redemption of Credit Linked Notes

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

(a) Unless previously redeemed or purchased and cancelled and provided that a Credit Event Determination Date has not occurred in respect of any Reference Entity, the Issuer shall redeem each Credit Linked Note on the Maturity Date by payment of the Final Redemption Amount. If a Credit Event Determination Date has occurred in respect of any Reference Entity, the Issuer shall redeem each Credit Linked Note as described below. References in these Credit Linked Conditions to a Credit Linked Note or Note are to a nominal amount of Credit Linked Notes equal to the Calculation Amount. Any payment of a "pro rata" amount in respect of a Note will be determined by reference to its nominal amount relative to the then aggregate nominal amount of Notes.

(b) Where the Notes are Single Reference Entity Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to the Reference Entity, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable or, if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (g) below will apply.

(c) Where the Notes are First-to-Default Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to any of the specified Reference Entities, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, in relation only to the First Reference Entity (as defined in the definition of Credit Event Determination Date) or, if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (g) below will apply.

(d) Where the Notes are Nth-to-Default Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to one or more of the specified Reference Entities notwithstanding any provision to the contrary in these Credit Linked Conditions, no settlement in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, or interest adjustment in accordance with Credit Linked Condition 5 will occur until such time as a Credit Event Determination Date has occurred in respect of the Relevant Number of Reference Entities (a "**Trigger**"). The Reference Entity in respect of which a Credit Event Determination Date has occurred which causes the Trigger to occur is referred to as the "**Triggering Reference Entity**" and the Relevant Number is the number specified as such in the Final Terms. As of the day on which the Calculation Agent determines that a Credit Event Determination Date has occurred in respect of the Relevant Number of References Entities then (i) Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply in relation only to the Triggering Reference Entity and the Credit Event Determination Date will be deemed to have occurred only as of such day for the purposes of the provisions set out in General Condition 4(g) or (ii) if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (g) below will apply.

(e) Where the Notes are Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment on Maturity applies or Tranched Linear Basket Credit Linked Notes, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity: (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with General Condition 13 and (ii) in respect of each Credit Linked Note:

(A) the interest calculation basis described in paragraph (i) below will apply; and

(B) each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date, subject as provided in paragraph (h) below.

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

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

In respect of Tranched Linear Basket Credit Linked Notes and for the avoidance of doubt, where a Credit Event Determination Date has occurred with respect to a number of Reference Entities that is equal to or less than L (as defined below), then the Credit Event Redemption Amount will be par.

(f) Where the Notes are Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity: (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with General Condition 13 and (ii) in respect of each Credit Linked Note:

(A) the Issuer shall pay as an Instalment Amount for the purposes of General Condition 6(i) an amount equal to the relevant Credit Event Amount, if any, on the relevant Credit Event Payment Date which will be the relevant Instalment Date;

(B) the interest calculation basis described in paragraph (i) below will apply; and

(C) each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date, provided that if on or prior to the Credit Event Redemption Date a Credit Event Determination Date has occurred in respect of all the specified Reference Entities each Credit Linked Note will be redeemed (together with accrued interest, if any) at the final Credit Event Amount on the final Credit Event Payment Date, subject as provided in paragraph (h) below.

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

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

(g) Where the Notes are Zero/Set Recovery Notes then if a Credit Event Determination Date has occurred in respect of any Reference Entity (in the case of Single Reference Entity Credit Linked Notes, Linear Basket Credit Linked Notes or First-to-Default Credit Linked Notes) or in respect of the Triggering Reference Entity (in the case of Nth-to-Default Credit Linked Notes) then (i) following a Credit Event Determination Date in respect of any such Reference Entity the provisions of Credit Linked Conditions 2, 3 or 4 will not apply but each Single Reference Entity Credit Linked Note, First-to-Default Credit Linked Note and Nth-to-Default Credit Linked Note will be redeemed by payment of the Credit Event Redemption Amount, if any, on the Credit Event Redemption Date together with accrued interest, if any, and (ii) each Linear Basket Credit Linked Note may be redeemed (or otherwise) as provided in paragraph (e) or (f) above, as applicable and/or paragraph (h) below, if applicable.

(h) Where any Credit Event Redemption Amount is or would be zero (whether the Notes are Zero/Set Recovery Notes or otherwise) then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Credit Event Redemption Date or, if other, the day on which it is determined that the Credit Event Redemption Amount is or would be, were it to be so calculated in respect of such day, be zero with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.

(i) In the case of Linear Basket Credit Linked Notes, each Note will bear interest pursuant to, and in accordance with, General Condition 5, provided that for the purposes of determining the interest amounts payable, the provisions set out in Credit Linked Condition 5 will not apply and instead the aggregate outstanding nominal amount of the Notes shall be deemed to be the Adjusted Credit Outstanding Nominal Amount or, in the case of each of General Condition 4(a)(B) or4(b)(v)(B), the Calculation Amount shall be deemed to be each Note's pro rata share of the Adjusted Credit Outstanding Nominal Amount, in each case on the relevant Interest Payment Date or the relevant date for payment pursuant to Credit Linked Conditions6, 7, 8, 9 or 11.

(j) For these purposes "**Adjusted Credit Outstanding Nominal Amount**" means, on any Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9, or 11:

(A) in the case of Non-Tranched Linear Basket Credit Linked Notes (i) the aggregate outstanding nominal amount minus (ii) the product of (a) the aggregate outstanding nominal amount and (b) a fraction with (x) the original aggregate Reference Entity Notional Amounts of Reference Entities in respect of which a Credit Event Determination Date has occurred on or prior to the relevant Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9 or 11, as the case may be, as numerator and (y) the original aggregate Reference Entity Notional Amounts of the original number of Reference Entities to which the Notes related, in each case as of the Issue Date of the first Tranche of the Notes, as denominator; or

(B) in the case of Tranched Linear Basket Credit Linked Notes, an amount determined by the Calculation Agent by reference to the following formula:

$$\text{aggregate outstanding nominal amount} * \left(1 - \left(\frac{1}{H-L}\right) * \text{Min}[H - L; \text{Max}[N - L; 0]]\right)$$

Where,

"**H**" means the higher tranche level, expressed as a number of Reference Entities as specified in the Final Terms;

"**L**" means the lower tranche level, expressed as a number of Reference Entities as specified in the Final Terms; and

"**N**" means the number of Reference Entities for which a Credit Event Determination Date has occurred.

(k) For the avoidance of doubt the provisions of Credit Linked Conditions 6, 7, 8, 9 and 11 may each apply to First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes meaning that the Maturity Date may be delayed beyond the Scheduled Maturity Date in certain circumstances.

(l) If any purchase and cancellation of Notes occurs under General Condition 6(g) or any further issue under General Condition 12, the Calculation Agent will make such adjustments to the applicable Final Terms and/or these Credit Linked Conditions as it determines appropriate (including Reference Entity Notional Amounts) to ensure the Notes continue to reflect economic intentions.

2. Auction Settlement

(a) Where Auction Settlement is specified as the applicable Settlement Method in the Final Terms and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Noteholders in accordance with General Condition13, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Notes Currency on the Credit Event Redemption Date.

(b) Unless settlement has occurred in accordance with the paragraph above, if:

(i) an Auction Cancellation Date occurs;

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

(iii) a DC Credit Event Question Dismissal occurs; or

(iv) a Credit Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred in respect of the relevant Credit Event on or prior to the date falling three Business Days after such Credit Event Determination Date,

then:

(x) if Fallback Settlement Method – Cash Settlement is specified as applicable in the Final Terms, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 3 below; or

(y) if Fallback Settlement Method – Physical Delivery is specified as applicable in the Final Terms, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 4 below.

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

3. Cash Settlement

If a Credit Event Determination Date has occurred, then where Cash Settlement is specified as the applicable Settlement Method in the Final Terms or if Credit Linked Condition 2(b)(x) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with General Condition13, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Notes Currency on the Credit Event Redemption Date.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 3, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have

discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor.

4. Physical Settlement

If a Credit Event Determination Date has occurred, then where Physical Delivery is specified as the applicable Settlement Method in the Final Terms or if Credit Linked Condition 2(b)(y) above applies, then, subject to any prior redemption, the Issuer shall, following the receipt of a Calculation Agent Physical Settlement Notice, give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with General Condition 13, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer by the Delivery of the Deliverable Obligations comprising the Entitlement on the Credit Settlement Date, subject to and in accordance with the General Conditions and these Credit Linked Conditions. The relevant Asset Package, if applicable, will be deemed to be a Deliverable Obligation and the composition of the Asset Package and the Entitlement in respect of each Credit Linked Note equal to the Calculation Agent will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified in the relevant Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for physical delivery and determination of the Entitlement to take account of the relevant Asset Package.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value. The Notice of Physical Settlement shall include (i) details of the relevant Reference Entity, (ii) the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case the relevant "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation. The aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that the Issuer intends to Deliver shall be the relevant "**Aggregate Outstanding Amount**".

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with General Condition 13, (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in the Physical Settlement Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligation(s) specified in any Physical Settlement Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligation(s) specified in the Notice of Physical Settlement or any earlier Physical Settlement Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with General Condition 13, prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with General Condition 13) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a Physical Settlement Amendment Notice.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

If "Mod R" is specified as applicable in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then, unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date in each case as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements.

If "Mod Mod R " is specified as applicable in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

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

5. Accrual of Interest

Notwithstanding General Condition 4(g), other than in the case of Linear Basket Credit Linked Notes, where Credit Linked Condition 1(i) will apply, if:

(i) "Accrual of Interest upon Credit Event" is specified as not applicable in the Final Terms, each Note shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date, or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or

(ii) "Accrual of Interest upon Credit Event" is specified as applicable in the Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and

(iii) "Continuing Accrual until scheduled maturity" is specified as applicable in the Final Terms, then notwithstanding the occurrence of a Credit Event Determination Date each Note will continue to bear interest in accordance with General Condition 4(f) up to but excluding the Scheduled Maturity Date (with such date being deemed to be the final Interest Payment Date),

provided that, in the case of (i) or (ii) if:

(A) Credit Linked Condition 6, Credit Linked Condition 7 or Credit Linked Condition 8 applies in respect of the Notes and, in the case of Credit Linked Condition 6, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 7, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Credit Linked Condition 8, a Credit Event has not occurred on or prior to the DC Cut-off Date, as the case may be; and/or

(A) Credit Linked Condition 9 applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension Condition, as applicable, has not occurred or are not satisfied on or prior to the Postponed Maturity Date,

then interest will accrue as provided in Credit Linked Condition 6, Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9, as the case may be.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

6. Repudiation/Moratorium Extension

If "Repudiation/Moratorium" is specified as a Credit Event in the Final Terms, the provisions of this Credit Linked Condition 6 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or any Interest Payment Date or, if Credit Linked Condition (b) applies, the Postponed Maturity Date or Postponed Interest Payment Date (as defined in Credit Linked Condition 9) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium may, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date or relevant Interest Payment Date, then the Calculation Agent shall notify the Noteholders in accordance with General Condition 13 that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes and/or relevant interest payment will be delayed and:

(a) in relation to such event as of the Scheduled Maturity Date, where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:

(i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Maturity Date; and

(ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

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

(c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date then the relevant amount of interest shall be payable on the second Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Interest Payment Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable Repudiation/Moratorium Evaluation Date or, if later, the Postponed Interest Payment Date.

7. Grace Period Extension

If "Grace Period Extension" is specified as applicable in the Final Terms, the provisions of this Credit Linked Condition 7 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date or relevant Interest Payment Date (determined by reference to the Relevant Time) (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date or relevant Interest Payment Date), then the Calculation Agent shall notify the Noteholders in accordance with General Condition 13 that a Potential Failure to Pay has occurred and the maturity of the Notes and/or relevant interest payment will be delayed and:

(a) in relation to such event as of the Scheduled Maturity Date, where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:

(i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Grace Period Extension Date; and

(ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(b) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date then the relevant amount of interest shall be payable on the second Business Day following the Grace Period Extension Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable Grace Period Extension Date.

8. Credit Derivatives Determinations Committee Extension

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) then the Calculation Agent shall notify Noteholders in accordance with General Condition 13 that the Maturity Date or relevant Interest Payment Date has been postponed to a date (the "**DC Determination Cut-off Date**") being the day falling (i) (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, if later (ii) fifteen (15) Business Days following the DC Credit Event Question Dismissal, and:

(a) in the case of the Maturity Date, where a Credit Event has not occurred on or prior to the DC Determination Cut-off Date:

(i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the DC Determination Cut-off Date; and

(ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the DC Determination Cut-off Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date then the relevant amount of interest shall be payable on the second Business Day following the DC Determination Cut-off Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable DC Determination Cut-off Date.

9. Maturity Date/Interest Payment Date Extension in the case of Credit Linked Notes

The following provisions of this Credit Linked Condition 9 apply to Credit Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 11, if:

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

(b) on the Scheduled Maturity Date or any Interest Payment Date, in the determination of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred or may occur,

the Calculation Agent may at its option notify the Noteholders in accordance with General Condition 13 that the Maturity Date, the relevant Interest Payment Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**" or, in the case of an Interest Payment Date, the "**Postponed Interest Payment Date**") specified in such notice falling fifteen (15) Business Days after the Scheduled Maturity Date, the relevant Interest Payment Date, the relevant Repudiation/Moratorium Evaluation Date or Grace Period Extension Date, or the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day, and:

where:

(a) in the case of Credit Linked Condition 9(x), a Credit Event Determination Date has not occurred on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date or, in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date:

(i) subject as provided below, in the case of a Postponed Maturity Date each Note will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Postponed Maturity Date; and

(ii) in the case of a Postponed Maturity Date and interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(iii) in the case of a Postponed Interest Payment Date, the Issuer shall be obliged to pay the relevant amount of interest on the second Business Day following the Postponed Interest Payment Date and no further or other amounts in respect of interest shall be payable as a result of such delay; or

(b) where:

(i) in the case of Credit Linked Condition 9(x), a Credit Event Determination Date has occurred on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(ii) in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date, the provisions of Credit Linked Condition 1 or Credit Linked Condition 6 shall apply to the Credit Linked Notes.

10. Partial Cash Settlement

If all or a portion of the Obligations comprising the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Noteholders in accordance with General Condition 13 and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

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

Unless otherwise specified in the Final Terms, for the purposes of this Credit Linked Condition 10 only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition13:

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

"**Market Value**" means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

"**Partial Cash Settlement Amount**" is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition less if applicable (C) a *pro rata* share of Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement), and (ii) zero provided that where (i) the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and the Calculation Agent determines in its sole discretion that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent in its sole discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs.

"**Partial Cash Settlement Date**" is deemed to be the date falling three Business Days after the calculation of the Final Price.

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

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

(b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

(c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

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

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

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

"**Valuation Date**" means, for the purposes of this Credit Linked Condition 10, the fifth Business Day after the Credit Settlement Date.

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

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

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

11. Settlement Suspension

(a) **Suspension**

Without prejudice to Credit Linked Condition 9, if, following the determination of a Credit Event Determination Date but prior to the Credit Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements of this Credit Linked Condition 11 and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period and PSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. During such suspension period none of the Issuer, the Calculation Agent or any Noteholder are obliged to, nor are they entitled to, take any action in connection with the settlement of the Notes. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Linked Condition 11.

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

(b) **Interest**

In the case of interest bearing Credit Linked Notes:

(i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and

(ii) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Payment Day and no later than the fifth Payment Day following the end of the Suspension Period, all subject to the provisions of General Condition 5 and Credit Linked Conditions 6, 7 and 8.

12. Redemption following a Merger Event

If "Merger Event" is specified as applying in the Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with General Condition 13, and redeem all but not some only of the Credit Linked Notes and pay in respect of each Credit Linked Note, the Merger Event Redemption Amount on the Merger Event Redemption Date in each case as specified in the Final Terms.

13. Definitions applicable to Credit Linked Notes

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

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

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

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

(a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the Final Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the Final Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine in its reasonable discretion);

(b) in respect of any Notes for which "Cash Settlement" is specified to be the applicable Settlement Method in the Final Terms (or for which Cash Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2), and:

(i) "Include Accrued Interest" is specified in the Final Terms, the Outstanding Principal Balance of the Reference Obligation shall include accrued but unpaid interest;

(ii) "Exclude Accrued Interest" is specified in the Final Terms, the Outstanding Principal Balance of the Reference Obligation shall not include accrued but unpaid interest; or

(iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Final Terms, the Calculation Agent shall determine, based on the then current market practice in the market of the Reference Obligation whether the Outstanding Principal Balance of the Reference Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or

(c) if Credit Linked Condition 10 applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

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

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

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

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

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

(a) if "**Financial Reference Entity Terms**" and "**Governmental Intervention**" are specified as applicable in the Final Terms:

(i) a Governmental Intervention; or

(ii) a Restructuring in respect of the Reference Obligation, if "**Restructuring**" is specified as applicable in the Final Terms and such Restructuring does not constitute a Governmental Intervention; and

(b) if the Reference Entity is a Sovereign and "**Restructuring**" is specified as applicable in the Final Terms, a Restructuring,

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

"**Asset Package Delivery**" will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, either (a) no Package Observable Bond exists immediately prior to such Asset Package Credit Event or (b) it is specified not to apply in the Final Terms by operation of the Physical Settlement Matrix or otherwise.

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

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

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

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

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

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

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

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

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;

(d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof or before the Scheduled Maturity Date (in the case of Credit Linked Notes), whichever is earlier;

(e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter or before the Scheduled Maturity Date (in the case of Credit Linked Notes), whichever is earlier; or

(h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g).

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

"**Calculation Agent Physical Settlement Amendment Notice**" means a notice by the Calculation Agent to the Issuer containing material information required to be included in a Physical Settlement Amendment Notice to be given by the Issuer.

"**Calculation Agent Physical Settlement Notice**" means a notice from the Calculation Agent to the Issuer containing material information required to be included in a Notice of Physical Settlement to be given by the Issuer.

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

"**Conditionally Transferable Obligation**" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

"**Conforming Reference Obligation**" means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) below of the definition of Deliverable Obligation below.

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

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

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

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

(a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;

(b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;

(c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

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

"**Credit Event Amount**" means, in the case of Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity (i) the amount specified as such in the Final Terms or (ii) a Note's *pro rata* share of the amount (which may be zero) calculated by the Calculation Agent in accordance with the following formula:

(RENA × FP) – UC

where:

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

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

"**UC**" is Unwind Costs.

Expressed in words, this is (1) the product of the Reference Entity Notional Amount in respect of the affected Reference Entity and the Final Price, Auction Final Price or the Set/Zero Recovery Price, as applicable, in respect of the affected Reference Entity minus (2) the Unwind Costs.

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

(a) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or

(b) otherwise, the date that is sixty (60) calendar days prior to the earlier of:

(i) if the Notice Delivery Date occurs during the Notice Delivery Period, the Notice Delivery Date; and

(ii) if the Notice Delivery Date occurs during the Post Dismissal Additional Period, the Credit Event Resolution Request Date.

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

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

(a) Auction Settlement is the applicable Settlement Method or in any event in the case of a Tranched Linear Basket Credit Linked Note or a Zero/Set Recovery Note:

(i) subject to paragraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

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

(A) (1) the Credit Event is not an M(M)R Restructuring; and

(2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or

(B) (1) the Credit Event is an M(M)R Restructuring; and

(2) a Credit Event Notice is delivered and is effective on or prior to the Exercise Cut-off Date, provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, or the Calculation Agent otherwise determines this is consistent with the Issuer's Hedging Arrangements, or

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

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

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1)

such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to reflect (I) such deemed date of occurrence or (II) such deemed non-occurrence, of such Credit Event Determination Date and (2) the effective date of such adjustment(s). For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any adjustment to payment amounts.

Where the Notes are First-to-Default Credit Linked Notes, a Credit Event Determination Date shall be deemed to occur with respect to the Notes on the first occasion a Credit Event Determination Date occurs with respect to any Reference Entity (the "**First Reference Entity**"). Where the Notes are First-to-Default Credit Linked Notes or Nth-to-Default Credit Linked Notes and a Credit Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Credit Event Determination Dates occur.

"**Credit Event Notice**" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in General Condition 13.

"**Credit Event Payment Date**" means in relation to any Credit Event Amount the day falling the number of Business Days specified in the applicable Final Terms (or, if a number of Business Days is not so specified, three Business Days) following (x) the calculation of the relevant Final Price or Auction Final Price, as applicable or (y) in the case of Zero/Set Recovery Notes, the Credit Event Determination Date.

"**Credit Event Redemption Amount**" means, unless otherwise specified in the Final Terms:

(a) in the case of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$[(\text{RENA} \times \text{FP}) - \text{UC}\ ] + \text{Protected Amount}$$

Expressed in words, this is the sum of (a), (1) the product of the Reference Entity Notional Amount and the Final Price, Auction Final Price or the Set/Zero Recovery Price, as applicable minus (2) the Unwind Costs and (b) if specified as applicable in the Final Terms, the Protected Amount.

(b) in the case of Linear Basket Credit Linked Notes to which Credit Payment on Maturity applies, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$\left(\sum_{1\ldots n}^{n} \text{RENA}_{u,i}\right) + \left(\sum_{1\ldots n}^{n} \text{RENA}_{A,i} \times \text{FP}_{A,i}\right) - \text{UC; or}$$

Expressed in words, this is (1) the sum of the Reference Entity Notional Amounts in respect of each Reference Entity for which a Credit Event Determination Date has not occurred plus (2) the sum of, in respect of each Reference Entity for which a Credit Event Determination Date has occurred, the product of the Reference Entity Notional Amount and the Final Price, Auction Final Price or the Set/Zero Recovery Price (as applicable) minus (3) Unwind Costs.

(c) in the case of Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, an amount calculated by the Calculation Agent equal to a Note's *pro rata* share of:

$$\sum_{1\ldots n}^{n} \text{RENA}_{u,i}$$

Expressed in words, this is the sum of the Reference Entity Notional Amounts in respect of each Reference Entity for which a Credit Event Determination Date has not occurred; or

(d) In the case of Tranched Linear Basket Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$\text{aggregate outstanding nominal amount} * \left(1 - \left(\frac{1}{H-L}\right) * \text{Min}[H - L; \text{Max}[N - L; 0]]\right)$$

Expressed in words, this is the product of (i) the aggregate outstanding nominal amount of Notes and (ii) one minus the product of (x) the quotient of 1 as numerator and the number of Reference Entities specified as H (being the higher tranche level) in the Final Terms minus the number of Reference Entities specified as L (being the lower tranche level) in the Final Terms ("**H-L**" as denominator and (y) the lesser of H-L and the number, floored at zero, of Reference Entities in respect of which a Credit Event Determination Date has occurred minus the number of Reference Entities specified as L (being the lower tranche level) in the Final Terms.

where:

"**Protected Amount**" means the amount stated in the Final Terms if specified as applicable.

"**RENA**" is the Reference Entity Notional Amount, with $\mathbf{RENA}_{u,i}$ being the Reference Entity Notional Amount in respect of any Reference Entity_i for which a Credit Event Determination Date has not occurred and being deemed to be zero for all other Reference Entities and $\mathbf{RENA}_{A,i}$ is the Reference Entity Notional Amount in respect of any Reference Entity_i for which a Credit Event Determination Date has occurred and being deemed to be zero for all other Reference Entities;

"**FP**" is the Final Price, the Auction Final Price or the Set/Zero Recovery Price, as applicable, with $\mathbf{FP}_{A,i}$ being such value in respect of the Reference Entity for which a Credit Event Determination Date has occurred;

"**UC**" is Unwind Costs; and

"**n**" is the number of Reference Entities,

provided that, in each case, in no event shall the Credit Event Redemption Amount be less than zero.

"**Credit Event Redemption Date**" means, subject to Credit Linked Condition 11:

(1) in the case of any Notes other than Linear Basket Credit Linked Notes,

(a) the day falling three Business Days, or such other number of Business Days specified in the Final Terms, after (i) the calculation of the Final Price (ii) the Auction Settlement Date or (iii) if the Notes are Zero/Set Recovery Notes the Credit Event Determination Date, as applicable, in each case in respect of the Reference Entity the occurrence of which results in the Notes becoming redeemable or

(b) where Maturity Credit Redemption is specified to be applicable in the Final Terms only: if later, the Maturity Date determined pursuant to these Credit Linked Conditions and subject to adjustment, where applicable, pursuant to Credit Linked Conditions 6, 7, 8, 9 and 11 or

(2) in the case of Linear Basket Credit Linked Notes, the "**Maturity Date**" determined for these purposes as

(A) subject to (B) and (C) below, the later of

(a) the day falling three Business Days or such other number of Business Days specified in the Final Terms, following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date) in respect of each Reference Entity for which a Credit Event Determination Date has occurred and for which the Final Price or Auction Final Price is relevant for the determination of the Credit Event Redemption Amount and

(b) the Maturity Date determined without regard to the provisions of this paragraph and subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11; or

(B) if the Notes are Zero/Set Recovery Notes, the later of

(a) the day falling three Business Days or such other number of Business Days specified in the Final Terms, following the date as of which a Credit Event Determination Date has occurred or is determined not to have occurred in respect of each Reference Entity which is relevant for the determination of the Credit Event Redemption Amount and

(b) the Maturity Date determined without regard to the provisions of this paragraph and subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11;or

(C) if the Notes are Tranched Linear Basket Credit Linked Notes, the Maturity Date subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11.

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

"**Credit Settlement Date**" means (a) the last day of the longest Physical Settlement Period following the PSN Cut-off Date (the "**Scheduled Credit Settlement Date**") provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling sixty (60) Business Days following the Scheduled Credit Settlement Date or (b) where Maturity Credit Redemption is specified to be applicable in the Final Terms only: if later, the Maturity Date determined pursuant to these Credit Linked Conditions and subject to adjustment, where applicable, pursuant to Credit Linked Conditions 6, 7, 8, 9 and 11.

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

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

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

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

"**DC Credit Event Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"**DC Credit Event Meeting Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"**DC Credit Event Question**" means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"**DC Credit Event Question Dismissal**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"**DC Cut-off Date**" has the meaning given to that term in Credit Linked Condition 8.

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

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

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

"**DC Rules**" means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

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

"**Default Requirement**" means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Final Terms, US$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

"**Deliver**" means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above but excluding any liens routinely imposed on all securities in a relevant clearance system or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if all or a portion of the Entitlement consists of Direct Loan Participations, "Deliver" means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, "**Deliver**" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "**Delivery**" and "**Delivered**" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

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

"**Deliverable Obligation**" means:

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

(b) the Reference Obligation;

(c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and

(d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the Final Terms, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond,

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

(i) *Method for Determining Deliverable Obligations*. For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the Final Terms, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the Final Terms, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements. The following terms shall have the following meanings:

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

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

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

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

(3) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer or the Guarantor, as the case may be, (to the extent that the Issuer or the Guarantor, as applicable, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

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

I. I contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);

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

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

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

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

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

(ii) *Interpretation of Provisions*

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

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

(C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the Final Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

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

(1) for purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation;

(2) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";

(3) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and

(4) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

(5) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

(6) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the Final Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

(7) For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in the paragraphs commencing "If "Mod R" …" and "If "Mod Mod R" …" in Credit Linked Condition 4 to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

(8) If "Subordinated European Insurance Terms" is specified as applicable in the Final Terms, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

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

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

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

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

"**Domestic Currency**" means the currency specified as such in the Final Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

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

"**Downstream Affiliate**" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity. As used herein, "**Voting Shares**" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

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

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

"**Eligible Transferee**" means:

(a) any:

(i) bank or other financial institution;

(ii) insurance or reinsurance company;

(iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c) below); and

(iv) registered or licensed broker or dealer (other than a natural person or proprietorship),

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

(b) an Affiliate of an entity specified in sub-paragraph (a);

(c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:

(i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least US$100 million or (B) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least US$100 million; or

(ii) that has total assets of at least US$500 million; or

(iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(i) or (d); or

(d) any Sovereign; or

(e) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

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

"**Entitlement**" means, in respect of each nominal amount of Credit Linked Notes equal to the Calculation Amount, as applicable, Deliverable Obligations, as selected by the Calculation Agent, with:

(a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or

(b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Calculation Amount less, if Unwind Costs are specified as applying in the Final Terms, Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to a *pro rata* share of Unwind Costs.

"**Excluded Deliverable Obligation**" means:

(a) any obligation of a Reference Entity specified as such or of a type described in the Final Terms;

(b) any principal only component of a Bond from which some or all of the interest components have been stripped; and

(c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

"**Excluded Obligation**" means:

(a) any obligation of a Reference Entity specified as such or of a type described in the Final Terms;

(b) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and

(c) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

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

(a) with respect to an M(M)R Restructuring and any Note to which paragraph (a) of the definition of Credit Event Determination Date above applies:

(i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or

(ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Dat; or

(b) with respect to a Credit Event where paragraph (a) of the definition of Credit Event Determination Date does not apply, the relevant Non-Standard Exercise Cut-off Date,

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

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

(a) the Scheduled Maturity Date (for the purposes of this definition of Extension Date, the "**Scheduled Termination Date**");

(b) the Grace Period Extension Date if (i) "Failure to Pay" and "Grace Period Extension" are specified as applying in the Final Terms, and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Termination Date; and

(c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the Final Terms, as applicable.

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

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

"**Fallback Settlement Method**" means, with respect to any Credit Linked Notes for which Auction Settlement is specified as the applicable Settlement Method in the Final Terms, the fallback settlement method specified in the Final Terms.

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

"**Final Price**" means the price of the relevant Reference Obligation(s), as the case may be, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the Valuation Method specified in the Final Terms or, where applicable, Credit Linked Condition 10. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Principal Paying Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

"**First-to-Default Credit Linked Notes**" means Credit Linked Notes indicated as such in the Final Terms where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Final Terms.

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

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

"**Fully Transferable Obligation**" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

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

"**Governmental Authority**" means:

(a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);

(b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;

(c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or

(d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

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

(a) any event which would affect creditors' rights so as to cause:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

(ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

(iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or

(iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;

(b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;

(c) a mandatory cancellation, conversion or exchange; or

(d) any event which has an analogous effect to any of the events specified in paragraphs (a) to (c).

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

"**Grace Period**" means:

(a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;

(b) if "Grace Period Extension" is specified as applying in the Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date or relevant Interest Payment Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date or relevant Interest Payment Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the Final Terms or, if no period is specified in the Final Terms, thirty (30) calendar days; and

(c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date or relevant Interest Payment Date.

"**Grace Period Business Day**" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

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

(a) "Grace Period Extension" is specified as applying in the Final Terms; and

(b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date or relevant Interest Payment Date,

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

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

"**Hedging Arrangements**" means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Credit Linked Notes.

"**Hedge Disruption Event**" means in the opinion of the Calculation Agent any event (including, without limitation, any delay in settlement of any Auction) as a result of which the Issuer and/or any of its Affiliates (a) has not received the relevant Deliverable Obligations under the terms of the Issuer's Hedging Arrangements (if any) and/or (b) cannot maintain, adjust,

enter into or exercise rights under its Hedging Arrangements in each case in such a manner as is necessary to meet its obligations in full as these fall due solely with amounts or assets which it is entitled to receive under the Hedging Arrangements on the relevant due date(s) therefor.

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

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

"**Largest Asset Package**" means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

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

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

"**M(M)R Restructuring**" means a Restructuring Credit Event in respect of which either Mod R or Mod Mod R is specified as applicable in the Final Terms.

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

(a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

(b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

(c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;

(d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;

(e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and

(f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"**Merger Event**" means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date either (A) the Issuer, the Guarantor or a Reference Entity (any such entity, the "**Mergor**") consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer or the Guarantor, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Issuer or the Guarantor, or (B) (i) either of the Issuer or the Guarantor and (ii) a Reference Entity become Affiliates.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

"**Minimum Quotation Amount**" means the amount specified as such in the Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) US$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

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

"**Modified Restructuring Maturity Limitation Date**" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date.

Subject to the foregoing, if the Scheduled Maturity Date is later than the 10 year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

In connection with the above, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

"**Movement Option**" means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with General Condition 13.

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

"**Next Currency Fixing Time**" means 4:00 p.m. (London time) on London Business Days immediately following the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, "**London Business Day**" means a day on which banks and foreign exchange markets are generally open to settle payments in London.

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

(a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;

(b) following the occurrence of an M(M)R Restructuring no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or

(c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:

(d) no Parallel Auction will be held; or

(e) one or more Parallel Auctions will be held.

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

"**Non-Conforming Substitute Reference Obligation**" means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

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

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

(a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

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

(i) the Credit Event Resolution Request Date, if either:

(A) (1) "Auction Settlement" is not the applicable Settlement Method;

(2) the relevant Credit Event is not an M(M)R Restructuring; and

(3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or

(B) (1) the relevant Credit Event is an M(M)R Restructuring; and

(2) a Credit Event Notice is delivered and is effective on or prior to the Non-Standard Exercise Cut-off Date, or

(ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:

(A) (1) "Auction Settlement" is not the applicable Settlement Method;

(2) the relevant Credit Event is not an M(M)R Restructuring; and

(3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or

(B) the Calculation Agent determines this is otherwise consistent with the Issuer's Hedging Arrangements,

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or the Calculation Agent determines this is otherwise consistent with the Issuer's Hedging Arrangements.

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

(a) if such Credit Event is not an M(M)R Restructuring, either:

(i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;

(ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or

(iii) the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or

(b) if such Credit Event is an M(M)R Restructuring and:

(i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or

(ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

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

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

"**Notice Delivery Date**" means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Final Terms, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

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

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

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

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

"**Nth-to-Default Credit Linked Notes**" means Credit Linked Notes indicated as such in the Final Terms where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Final Terms.

"**Obligation**" means:

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

(b) the Reference Obligation,

in each case unless it is an Excluded Obligation.

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

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

(a) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

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

(c) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

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

(e) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and

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

(ii) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the Final Terms, where:

(a) "**Not Subordinated**" means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;

(b) "**Subordination**" means, with respect to an obligation (the "**Second Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**First Obligation**"), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and

(c) "**Prior Reference Obligation**" means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;

(d) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the Final Terms (or, if Specified Currency is specified in the Final Terms and no currency is so specified, any Standard Specified Currency) provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;

(e) "**Not Sovereign Lender**" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";

(f) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency provided that a Standard Specified Currency shall not constitute the Domestic Currency;

(g) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law;

(h) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and

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

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

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

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

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

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

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

(a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);

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

(c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

(i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date; and

(ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

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

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

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

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

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

"**Payment Requirement**" means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Final Terms, US$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

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

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

(a) as a result of the application of:

(i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;

(ii) provisions implementing the Subordination of the obligation;

(iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);

(iv) if "Subordinated European Insurance Terms" are specified as applicable in the Final Terms, any Solvency Capital Provisions; or

(v) if "Financial Reference Entity Terms" are specified as applicable in the Final Terms, provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or

(b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

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

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

"**Physical Settlement Period**" means, subject to Credit Linked Condition 11, the number of Business Days specified as such in the Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent provided that if the Issuer has notified the Holders in accordance with Credit Linked Condition 4 that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 35 Business Days.

"**Post Dismissal Additional Period**" means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

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

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

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

"**Prior Deliverable Obligation**" means:

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

(b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

"**Prohibited Action**" means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

"**Private-side Loan**" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"**PSN Cut-off Date**" means subject, where applicable, to Credit Linked Condition 13:

(a) subject to paragraph (b) below, the later of:

  (i) the thirtieth calendar day after the Credit Event Determination Date; and

  (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date); or

(b) if, in accordance with the terms of Credit Linked Condition 2 above, Credit Linked Condition 4 applies as a result of the occurrence of (a) an Auction Cancellation Date or (b) a No Auction Announcement Date and:

  (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:

    (A) the date determined pursuant to paragraph (a)(i) above; and

    (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, occurring pursuant to paragraphs (a) or (c)(i) of the definition of No Auction Announcement Date above, as applicable; or

(ii) the relevant Credit Event is an M(M)R Restructuring either:

(A) the later of:

I. the date determined pursuant to paragraph (a)(i) above; and

II. the thirtieth calendar day after:

(x) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of No Auction Announcement Date above, if any;

(y) a No Auction Announcement Date occurring pursuant to paragraph (c)(i) of the definition of No Auction Announcement Date above, if any; or

(z) the Auction Cancellation Date, if any, as applicable; or

(B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one Parallel Notice of Physical Settlement Date should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

I. a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option; or

II. a No Auction Announcement Date occurs pursuant to paragraph (c)(e) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option,

provided that in the case of paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph (a)(i) above.

"**PSN Effective Date**" means the date on which an effective Calculation Agent Physical Settlement Notice or Calculation Agent Physical Settlement Amendment Notice, as the case may be, is delivered to the Issuer.

"**Public Source**" means each source of Publicly Available Information specified as such in the Final Terms (or if no such source is specified in the Final Terms, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

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

(a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);

(b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

(c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;

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

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

(a) Without limitation, Publicly Available Information need not state:

(i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and

(ii) that the relevant occurrence:

(A) has met the Payment Requirement or Default Requirement;

(B) is the result of exceeding any applicable Grace Period; or

(C) has met the subjective criteria specified in certain Credit Events.

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

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

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

A Qualifying Guarantee shall not include any guarantee:

(a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or

(b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:

(i) by payment;

(ii) by way of Permitted Transfer;

(iii) by operation of law;

(iv) due to the existence of a Fixed Cap; or

(v) due to:

(A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the Final Terms; or

(B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the Final Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation,

or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

I. the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and

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

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

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

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

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

"**Quotation Amount**" means the amount specified as such in the Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the Final Terms, the Reference Entity Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

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

"**Quotation Method**" means the applicable Quotation Method specified in the Final Terms by reference to one of the following terms:

(a) "**Bid**" means that only bid quotations shall be requested from Quotation Dealers;

(b) "**Offer**" means that only offer quotations shall be requested from Quotation Dealers; or

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

If a Quotation Method is not specified in the Final Terms, Bid shall apply.

"**Reference Entity**" means the entity specified as such in the Final Terms. Any Successor to the Reference Entity either (a) identified pursuant to the definition of "Successor" on or following the Trade Date or (b) identified pursuant to a DC

Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series.

"**Reference Entity Notional Amount**", in respect of a Reference Entity, means the amount specified as such in the applicable Final Terms (or, if no such amount is so specified, the Aggregate Nominal Amount of the Notes as of the Issue Date divided by the number of Reference Entities), subject to adjustment as provided in "Successor" and these Credit Linked Conditions.

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

(a) "Standard Reference Obligation" is specified as not applicable in the Final Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or

(b) (i) "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the Final Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation and the Calculation Agent will select as a substitute Reference Obligation any Deliverable Obligation with the same level of seniority as the relevant Seniority Level. In addition, the Calculation Agent (i) may replace the Reference Obligation with any further Deliverable Obligation with the same level of seniority as the relevant Seniority Level from time to time and (ii) if a new obligation is placed on the SRO List, in respect of the relevant Reference Entity, then the Calculation Agent may, but is not obliged to, select the new Standard Reference Obligation in respect of the Reference Entity as the Reference Obligation. The provisions of this definition may be applied by the Calculation Agent on more than one occasion and are without prejudice to the right of the Calculation Agent to determine a Substitute Reference Obligation.

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

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

(a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as in respect of the Credit Linked Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the Final Terms) or (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;

(b) with a scheduled termination date matching the Scheduled Maturity Date of the Credit Linked Notes; and

(c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Credit Linked Notes.

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

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

"**Relevant Holder**" means a holder of the latest Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

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

(a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;

(b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

(c) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and

(d) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

"**Relevant Time**" means Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement) Tokyo time).

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

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

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

"**Repudiation/Moratorium**" means the occurrence of both of the following events:

(a) an authorised officer of the Reference Entity or a Governmental Authority:

(i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or

(ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure,* with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

(b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

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

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

(a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to (i) the Scheduled Maturity Date or relevant Interest Payment Date (determined by reference to the Relevant Time) or, (ii) if Credit Linked Condition 9(y) applies, the Postponed Maturity Date (determined by reference to the Relevant Time); or

(b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date.

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

"**Repudiation/Moratorium Extension Notice**" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"**Resolve**" has the meaning set out in the DC Rules, and "**Resolved**" and "**Resolves**" shall be construed accordingly.

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

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

(a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

(b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

(c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest, or (ii) the payment of principal or premium;

(d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

(e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

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

(i) the payment in euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

(ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;

(iii) the occurrence of, agreement to or announcement of any of the events described in (a) to € above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

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

For purposes of this definition of Restructuring and Credit Linked Condition 15, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in paragraphs (i) to (iv) of this definition of Restructuring shall continue to be deemed to refer to the Reference Entity.

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

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

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

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

"**Scheduled Maturity Date**" has the meaning given to it in the Final Terms.

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

(a) "Senior Level" or "Subordinated Level" as specified in the Final Terms, or

(b) if no such seniority level is specified in the Final Terms, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which

(c) "Senior Level".

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

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

"**Set/Zero Recovery Price**" means the percentage specified as such in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

"**Settlement Method**" means, if (a) Auction Settlement is specified as the applicable Settlement Method in the Final Terms, Auction Settlement or (b) Cash Settlement is specified as the applicable Settlement Method in the Final Terms, Cash Settlement, or (c) Physical Delivery is specified as the applicable Settlement Method in the Final Terms, Physical Delivery.

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

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

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

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

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

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

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

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

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

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

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

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

(a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.

(b) If any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii)). If the event set forth in paragraph (b)(i) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set

forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation.

(c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:

(i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);

(ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and

(iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:

I. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

II. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above;

(B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:

I. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

II. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

III. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or

(C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:

I. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

II. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

III. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above.

(d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Calculation Agent will notify the Holders in accordance with General Condition 13 of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation.

(e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

(f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit Linked Notes that are Reference Obligation Only Notes.

"**Substitute Reference Obligation Resolution Request Date**" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve a Substitute Reference Obligation to the Non-Standard Reference Obligation, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

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

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

(a) the Non-Standard Reference Obligation is redeemed in whole; or

(b) provided that the Credit Linked Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:

(i) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below US$ 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or

(ii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraphs (a) or (b)(i) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraphs (a) or (b)(i) above as the case may be, on the Trade Date.

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

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

"**Successor**" means:

(a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:

(i) subject to paragraph (vii), if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;

(ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;

(iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the Final Terms will be adjusted as provided below;

(iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the Final Terms will be adjusted as provided below;

(v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;

(vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and these Terms and Conditions and/or the Final Terms will be adjusted as provided below); and

(vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the Universal Successor) will be the sole Successor; and

(b) An entity may only be a Successor if:

(i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after January 1, 2014;

(ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and

(iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

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

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

Where pursuant to paragraph (a)(iii), (a)(iv) or (a)(vi) or (b) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Terms and Conditions and/or the Final Terms as it shall determine to be appropriate to reflect that the Reference Entity has been succeeded by more than one Successor (which amendments may, for the avoidance of doubt, include in the case of Tranched Linear Basket Credit Linked Notes, such adjustments as the Calculation Agent determines appropriate to the numbers of Reference Entities specified as "**H**" and "**L**", having regard to any adjustments made to the notional portfolio to which the Notes relate) and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Terms and Conditions and/or the Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Notes under the provisions of the 2014 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Holders in accordance with General Condition 13 stating the adjustment to these Terms and Conditions and/or the Final Terms and giving brief details of the relevant Successor event.

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

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

Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor to another Reference Entity pursuant to the above provisions and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor for the purposes of any succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor to another Reference Entity pursuant to the above provisions but no other entities (that are not Reference Entities or the Issuer) are identified as a Successor in respect of the relevant succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes and, in respect of each Affected Reference Entity or the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant succession and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant succession and the Calculation Agent may make such adjustments to the Conditions and/or the Final Terms as it determines to be necessary or desirable to reflect such Alternative Reference Entity and Alternative Reference Obligation. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, then: (i) no Successor shall be appointed; (ii) the Affected Reference Entity to which the relevant succession relates shall be deemed to have ceased to be a Reference Entity; (iii) that portion of any interest payable which is referable to the purchase of credit protection purchased by the Issuer under the Notes in respect of the Affected Reference Entity shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion; and (iv) the Calculation Agent may make such adjustments to the

Conditions and/or the Final Terms to account for the Successor Associated Costs, which may include, without limitation, reducing the Final Redemption Amount, Credit Event Redemption Amount or the Entitlement (as the case may be) by an amount equal to the Successor Associated Costs, in each case with effect from the date determined by the Calculation Agent to be the relevant Succession Date.

Where:

"**Alternative Reference Entity**" means an entity which satisfies both the Industry Requirement (other than in the case of a Sovereign) and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

"**Alternative Reference Obligation**" means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor". An Alternative Reference Obligation may or may not be the applicable Standard Reference Obligation for the Alternative Reference Entity;

"**Industry Requirement**" means an entity that is in the same industry group as the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor", as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate, including any international market data sources such as, but not limited to, credit rating agencies;

"**Spread**" means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Date and ending on the Maturity Date and with the Reference Obligation(s) specified in the Final Terms or Alternative Reference Obligation(s), as applicable;

"**Spread Requirement**" means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor", immediately prior to the relevant Succession Date as determined by the Calculation Agent in its sole and absolute discretion; and

"**Successor Associated Costs**" means an amount per nominal amount of the Notes (which may not be less than zero) equal to such Notes' *pro rata* share of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the Notes and/or any hedge positions (including without limitation, any derivative transaction) relating to the Notes, and any related costs due to costs or losses being incurred prior to the maturity or settlement of the Notes, all as determined by the Calculation Agent in its sole discretion.

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

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

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

"**Successor Resolution Request Date**" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as

publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"**Trade Date**" means the date specified as such in the Final Terms.

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

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

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

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

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

"**Valuation Date**" means if "Single Valuation Date" is specified in the Final Terms and subject to Credit Linked Condition 10, the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a)(ii) of the definition of Credit Event Determination Date above or paragraph (b)(i) of the definition of Non-Standard Credit Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method in accordance with paragraphs (b)(i) or (b)(ii) of Credit Linked Condition 2 (*Auction Settlement*) above, the date that is the number of Business Days specified in the Final Terms or, if the number of Business Days is not so specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the Final Terms, each of the following dates:

(a) subject to Credit Linked Condition 11, the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a) of the definition of Credit Event Determination Date above or paragraph (b)(i) of the definition of Non-Standard Credit Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or if Cash Settlement is the applicable Fallback Settlement Method in accordance with paragraphs (b)(i) or (b)(ii) of Credit Linked Condition 2 (*Auction Settlement*) above, the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

(b) each successive date that is the number of Business Days specified in the Final Terms or, if the number of Business Days is not so specified, five Business Days after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the Final Terms, Single Valuation Date shall apply.

"**Valuation Method**":

(a) The following Valuation Methods may be specified in the Final Terms with only one Valuation Date:

(i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or

(ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

(b) If no such Valuation Method is specified in the Final Terms, the Valuation Method shall be Highest.

(c) The following Valuation Methods may be specified in the Final Terms with more than one Valuation Date:

(i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

(ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

(iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

(d) If no such Valuation Method is specified in the Final Terms, the Valuation Method shall be Average Highest.

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

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

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

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

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

"**Zero/Set Recovery Notes**" means Notes in respect of which the applicable Settlement Method in the Final Terms is specified as "Not applicable: "Zero/Set Recovery Notes"".

14. Credit Event Notice after Restructuring Credit Event

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

If this Credit Linked Condition 14 is specified as applicable in the Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of an M(M)R:

(a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth an amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the "**Partial Redemption Amount**") that may be less than the aggregate Nominal Amount of those Credit Linked Notes outstanding immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).

(b) For the avoidance of doubt (A) the nominal amount of each Credit Linked Note not so redeemed in part shall remain outstanding and interest shall accrue on the nominal amount outstanding of such Credit Linked Note as provided in General Condition 5 (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such nominal amount outstanding of such Credit Linked Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 14 and (y) the effective date of such adjustment(s).

(c) If the provisions of this Credit Linked Condition 14(c) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(d) In addition, in the case of First-to-Default Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of the First Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(e) In addition, in the case of Nth-to-Default Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of the Triggering Reference Entity, where the Credit event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(f) In addition, in the case of Linear Credit Basket Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of a Reference Entity in the Basket, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of such Reference Entity.

15. Provisions relating to Multiple Holder Obligation

If this Credit Linked Condition 15 is specified as applicable in the Final Terms, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "**Restructuring**" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) is (A) a Bond and/or (B) an Obligation with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

16. Provisions taken from the ISDA supplement titled "Additional Provisions – Monoline Insurer as Reference Entity (January 2005)"

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

If this Credit Linked Condition 16 is specified as applicable in the Final Terms, the following provisions will apply:

(a) *Obligation and Deliverable Obligation*. Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 13 and paragraph (a) of the definition of "Deliverable Obligation" in Credit Linked Condition 13 are hereby amended by adding "or Qualifying Policy" after "as provider of a Qualifying Affiliate Guarantee".

(b) *Interpretation of Provisions*. In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 13 will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

(i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "**obligation**" and "**obligor**" as used in these Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;

(ii) references in the definitions of Assignable Loan and Consent Required Loan to the "**guarantor**" and "**guaranteeing**" shall be deemed to include the "**insurer**" and "**insuring**", respectively;

(iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the Final Terms;

(iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the Final Terms and if the benefit of the "Qualifying Policy" is not transferred as part of any transfer of the Insured Instrument, the "Qualifying Policy" must be transferable at least to the same extent as the Insured Instrument; and

(v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the "Qualifying Policy" guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

(c) *Deliver*. For the purposes of the definition of "Deliver" in Credit Linked Condition 13, "**Deliver**" with respect to an obligation that is a "Qualifying Policy" means to Deliver both the Insured Instrument and the benefit of the "Qualifying Policy" (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related "Qualifying Policy"), and "**Delivery**" and "**Delivered**" will be construed accordingly.

(d) *Provisions for Determining a Successor*. The paragraph commencing "For the purposes of this definition of "Successor"..." in the definition of "Successor" in Credit Linked Condition 13 is hereby amended by adding "or insurer" after "or guarantor".

(e) Restructuring

(i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (a) to (e) inclusive of the definition of "Restructuring" in Credit Linked Condition 13 are hereby amended to read as follows:

(i) a reduction in the rate or amount of the Instrument Payments in paragraph (A)(x) of the definition thereof that are guaranteed or insured by the "Qualifying Policy";

(ii) a reduction in the amount of the Instrument Payments described in paragraph (A)(y) of the definition thereof that are guaranteed or insured by the "Qualifying Policy";

(iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in paragraph (A)(x) of the definition thereof or (y) the payment of

the Instrument Payments described in paragraph (A)(y) of the definition thereof, in each case that are guaranteed or insured by the "Qualifying Policy";

(iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or

(v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the "Qualifying Policy" 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 as a whole)."

(ii) Paragraph (c) of the definition of "Restructuring" in Credit Linked Condition 13 is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the "Qualifying Policy" continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the "Qualifying Policy" guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the "Qualifying Policy" after "Reference Entity".

(iii) The definition of "Restructuring" in Credit Linked Condition 13 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of this definition of "Restructuring" in and if Credit Linked Condition 15 is specified as applying in the Final Terms, for the purposes of the Credit Linked Conditions the term "Obligation" shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in this definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (a) to (c) inclusive in this definition of "Restructuring" shall continue to refer to the Reference Entity."

(f) *Fully Transferable Obligation and Conditionally Transferable Obligation*. In the event that M(M)R Restructuring is specified as applicable in the Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition. References in the definition of "Conditionally Transferable Obligation" to the "guarantor" and "guaranteeing" shall be deemed to include "the "insurer" and "insuring" respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in Credit Linked Condition 4 and the definition of "Restructuring Maturity Limitation Date", shall mean the specified date by which the "Qualifying Policy" guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

(g) *Other Provisions*. For purposes of paragraph (a) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 13 references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.

(h) Additional Definitions.

(i) "**Qualifying Policy**" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Credit Linked Condition 16) (the "**Insured Instrument**") for which another party (including a special purpose entity or trust) is the obligor (the "**Insured Obligor**"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the

payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments).

(ii) "**Instrument Payments**" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the "Qualifying Policy").

(iii) "**Certificate Balance**" means, in the case of an Insured Instrument that is in the form of a pass through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

17. Calculation Agent Notices

Any notice to be delivered by the Calculation Agent to the Issuer or the Guarantor, as applicable, pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

18. Provisions taken from the ISDA supplement titled "Additional Provisions for LPN Reference Entities" (published on 3rd October, 2006)

(a) If this Credit Linked Condition 18 is specified as applicable in the Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);

(b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 13, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;

(c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Deliverable Obligation" in Credit Linked Condition 13 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed by reference to the Prior Reference Obligation;

(d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

"**Reference Obligation**" means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, as of the Trade Date, any Additional LPN and each Additional Obligation."; and

(e) the following additional definitions shall apply:

"**Additional LPN**" means any bond issued in the form of a loan participation note (a "**LPN**") by an entity (the "**LPN Issuer**") for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the "**Underlying Loan**") or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the "**Underlying Finance Instrument**"), provided that (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

"**Additional Obligation**" means each of the obligations listed as an Additional Obligation of the Reference Entity in the Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, as of the Trade Date.

"**First Ranking Interest**" means a charge, security interest (or other type of interest having similar effect) (an "**Interest**"), which is expressed as being "first ranking", "first priority", or similar ("**First Ranking**") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

"**LPN Reference Obligation**" means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

19. Amendment of Credit Linked Conditions

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions (i) to incorporate and/or reflect (x) further or alternative documents or protocols from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or (b) the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect or account for a Hedge Disruption Event. Any amendment made in accordance with this Credit Linked Condition 19 shall be notified to the Noteholders in accordance with General Condition 13.

20. Physical Settlement Matrix

If Physical Settlement Matrix is specified as applicable in the Final Terms, the provisions specified as applicable and, if applicable, as amended in each case as set out below, in respect of the applicable Transaction Type(s) set out in the Credit Derivatives Physical Settlement Matrix as published by the International Swaps and Derivatives Association, Inc. on the Date of the Physical Settlement Matrix specified in the Final Terms or, if no such date is specified, on the most recent date on

or prior to the Issue Date of the first Tranche (the "**ISDA Physical Settlement Matrix**") shall apply and the relevant provisions of the Final Terms shall be deemed to be completed on this basis and the corresponding line items in the Final Terms may be deleted or reference to 'As per the Physical Settlement Matrix' may be inserted. For the avoidance of doubt, the provisions of the ISDA Physical Settlement Matrix that are not set out below and specified to be applicable shall not apply and no amendment shall be made to the Final Terms in respect thereof.

Provision	Applicable/Not Applicable	Amendments to ISDA Physical Settlement Matrix
All Guarantees	Applicable	None
Credit Events	Applicable	References to "Floating Rate Payer Calculation Amount" shall be deemed to be references to "the relevant Reference Entity Notional Amount".
Obligation Category	Applicable	None
Obligation Characteristics	Applicable	None
Physical Settlement Period	Applicable	References to "Section 8.6 of the Definitions" shall be deemed to be references to "the definition of Physical Settlement Period in Credit Linked Condition 13".
Deliverable Obligation Category	Applicable	None
Deliverable Obligation Characteristics	Applicable	None
Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (21 January 2005)	Applicable	(a) The reference to "Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (21 January 2005)" shall be deemed to be a reference to "Credit Linked Condition 16 – *Provisions taken from the ISDA supplement titled "Additional Provisions – Monoline Insurer as Reference Entity (January 2005)";* and (b) the reference to "the relevant Confirmation" shall be deemed to be a reference to "the applicable Final Terms".
Additional Provisions for LPN Reference Entities (3 October 2006)	Applicable	References to "Additional Provisions for LPN Reference Entities (3 October 2006)" shall be deemed to be references to Credit Linked Condition 18 (*Provisions taken from the ISDA supplement titled "Additional Provisions for LPN Reference Entities" (published on 3 October 2006*)".

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

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

(a) interest (if any) shall cease to accrue on the Credit Linked Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit Linked Notes; and

(b) each Credit Linked Note will be redeemed by the Issuer at its relevant Reference Obligation Only Termination Amount specified in, or determined in the manner specified in, the Final Terms in the Specified Currency on the Maturity Date, which for the purposes of this Credit Linked Condition 21 shall be the day falling five Business Days following the relevant Substitution Event Date.

22. DC Resolution Adjustment Events

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

ANNEX 7
ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Foreign Exchange (FX) Rate Linked Notes shall comprise the General Conditions and the additional terms and conditions for Foreign Exchange (FX) Rate Linked Notes set out below (the "**Foreign Exchange (FX) Rate Linked Note Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Foreign Exchange (FX) Rate Linked Note Conditions, the Foreign Exchange (FX) Rate Linked Note Conditions shall prevail. In the event of any inconsistency between the Foreign Exchange (FX) Rate Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Valuation and disruption provisions

(a) Disruption Events

The occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be a "**Disruption Event**":

(i) Price Source Disruption;

(ii) Illiquidity Disruption;

(iii) Dual Exchange Rate;

(iv) General Inconvertibility;

(v) General Non-Transferability;

(vi) Material Change in Circumstance;

(vii) Nationalisation; or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (vii) above (inclusive).

The Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that but for the occurrence of the Disrupted Day would have been an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be.

(b) Consequences of a Disruption Event

Upon a Disruption Event occurring or continuing on any Averaging Date,Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply the applicable Disruption Fallback in determining the consequences of the Disruption Event.

"**Disruption Fallback**" means a source or method that may give rise to an alternative basis for determining the Settlement Price when a Disruption Event occurs or exists on a day that is an Averaging Date or a Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the Price Source). The Calculation Agent shall take the relevant actions specified in either (i), (ii) or (iii) below

(i) if an Averaging Date,Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, the Calculation Agent will determine that the relevant Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (in the case of the Strike Date or Valuation Date) or Valid Date (in the case of an Averaging Date or Observation Date) unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the originally scheduled Averaging Date or Settlement Price Date, as the case may be, is a Disrupted Day in which case the Calculation Agent may determine that the last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date or Settlement Price Date, as the case may be (irrespective, in the case of an Averaging Date or Observation Date, of whether that last consecutive Scheduled Trading Day is already an Averaging Date or Observation Date, as

the case may be) and may determine the Settlement Price by using commercially reasonable efforts to determine a Settlement Price as of the Valuation Time on the last such consecutive Scheduled Trading Day taking into consideration all available information that in good faith it deems relevant; or

(ii) if an Averaging Date Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being not applicable in the Final Terms, on giving notice to Noteholders in accordance with General Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Foreign Exchange (FX) Disruption Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) if an Averaging Date or any Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being applicable in the Final Terms, the Calculation Agent shall calculate the Calculated Foreign Exchange (FX) Disruption Amount fair market value of each Note less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Foreign Exchange (FX) Disruption Amount**") as soon as practicable following the occurrence of the Disruption Event (the "**Calculated Foreign Exchange (FX) Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Foreign Exchange (FX) Disruption Amount plus interest accrued on the Calculated Foreign Exchange (FX) Disruption Amount on a daily basis from and including the Calculated Foreign Exchange (FX) Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount.

2. Knock-in Event and knock-out Event

(a) This Foreign Exchange (FX) Rate Linked Condition 2 is applicable only:

(i) If "Knock-in Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If "Knock-out Event" is specified as applicable in the Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes, shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if a Disruption Event would otherwise have occurred on any Knock-in Determination Day or Knock-out Determination Day, then, unless otherwise specified in the Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours for the Base Currency, Subject Currency and/or Subject Currencies and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time at which a Knock-in Event or Knock-out Event would otherwise have occurred, a Disruption Event occurs or exists, then, unless otherwise specified in the Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

3. Automatic Early Redemption Event

If "Automatic Early Redemption Event" is specified as applicable in the Final Terms, then, unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, all but not some only of the Notes will be automatically redeemed on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Period, as applicable, and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

4. Consequences of an additional disruption event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13.

5. Definitions

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Final Terms.

"**Automatic Early Redemption Amount**" means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the Automatic Early Redemption Payout set out in the applicable Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day and no Noteholder shall be entitled to any interest or further payment in respect of any such delay.

"Automatic Early Redemption Event" means the AER Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Level, (i), (ii), (iii) or (iv) applying or (B) within the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Level**" means the price, level, amount, percentage or value specified as such or otherwise determined in the Final Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1.

"**Automatic Early Redemption Payout**" is as specified in the applicable Final Terms.

"**Automatic Early Redemption Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Redemption Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means the period specified as such in the applicable Final Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the applicable Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Averaging Date**" means the dates specified as such in the Final Terms or, if any such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply.

"**Base Currency**" means the currency specified as such in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

"**Change in Law**" means that, on or after the Trade Date (as specified in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

"**Dual Exchange Rate**" means that any of the Base Currency, Subject Currency and/or Subject Currencies, splits into dual or multiple currency exchange rates.

"**Disrupted Day**" means any Scheduled Trading Day on which the Calculation Agent determines that a Disruption Event has occurred.

"**General Inconvertibility**" means the occurrence of any event that generally makes it impossible to convert a Subject Currency into the Base Currency in a Subject Currency Jurisdiction through customary legal channels.

"**General Non-Transferability**" means the occurrence of any event that generally makes it impossible to deliver (A) the Base Currency from accounts inside a Subject Currency Jurisdiction to accounts outside a Subject Currency Jurisdiction or (B) the Subject Currency between accounts inside a Subject Currency Jurisdiction or to a party that is a non-resident of a Subject Currency Jurisdiction.

"**Governmental Authority**" means (i) *any de facto or de jure government* (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

"**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) it deems necessary to hedge any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Illiquidity Disruption**" means the occurrence of any event in respect of any of the Base Currency, Subject Currency and/or Subject Currencies whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge its obligations under the Notes (in one or more transaction(s)) on the relevant Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day (or, if different, the day on which rates for such Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day would, in the ordinary course, be published or announced by the relevant Price Source).

"**Increased Cost of Hedging**" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Level or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Level**" means the FX Knock-in Level or the price, level, amount, percentage or value specified as such or otherwise determined in the applicable Final Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1.

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-Out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than,

(ii) greater than or equal to,

(iii) less than or

(iv) less than or equal to,

the Knock-out Level or (B) within the Knock-out Range (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Final Terms,

"**Knock-out Level**" means the price, level, amount, percentage or value specified as such or otherwise determined in the Final Terms, subject to adjustment in accordance with Foreign Exchange (FX) Linked Rate Condition 1.

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1.

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

"**Material Change in Circumstance**" means the occurrence of any event (other than those events specified as Disruption Events) in the Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Notes which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

"**Nationalisation**" means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the Subject Currency Jurisdiction.

"**Observation Date**" means the dates specified as such in the Final Terms or, if any such day is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is the Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1 shall apply.

"**Price Source**" means the published source, information vendor or provider containing or reporting the rate or rates from which the Settlement Price is calculated as specified in the Final Terms.

"**Price Source Disruption**" means that it becomes impossible to obtain the rate or rates from which the Settlement Price is calculated.

"**Relevant Screen Page**" means the relevant page specified as such in the Final Terms or any successor to such page or service acceptable to the Calculation Agent.

"**Scheduled Maximum Days of Disruption**" means three Scheduled Trading Days or such other number as may be specified in the Final Terms.

"**Scheduled Trading Day**" means a day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the principal financial centre of each of the Base Currency and the Subject Currency or Subject Currencies. In the case of euro, for these purposes, the principal financial centre shall be deemed to mean each of Frankfurt and Brussels.

"**Settlement Price**" means, subject as referred to in Foreign Exchange (FX) Rate Linked Notes Condition 1 above:

(a) in the case of Foreign Exchange (FX) Rate Linked Notes relating to a basket of Subject Currencies and in respect of a Subject Currency, the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Weighting; and

(b) in the case of Foreign Exchange (FX) Rate Linked Notes relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as

aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent).

"**Settlement Price Date**" means the Automatic Early Redemption Date, Strike Date, Observation Date or Valuation Date, as the case may be.

"**Specified Maximum Days of Disruption**" means the number of days specified in the Final Terms, or if not so specified, five Scheduled Trading Days.

"**Strike Date**" means the Strike Date specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1 shall apply.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Subject Currency**" means the currency(ies) specified as such in the Final Terms (together, "**Subject Currencies**").

"**Subject Currency Jurisdiction**" means each country for which the relevant Subject Currency is the lawful currency.

"**Valid Date**"" means, in respect of an Averaging Date or an Observation Date or Knock-in Determination Day or Knock-out Determination Day, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date or Observation Date or Knock-in Determination Day or Knock-out Determination Day, respectively, does not occur.

"**Valuation Date**" means any Coupon Valuation Date and/or Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1 shall apply.

"**Valuation Time**" means, unless otherwise specified in the Final Terms, the time at which the Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

"**Weighting**", means in relation to a Subject Currency, the percentage specified as such in the Final Terms

USE OF PROCEEDS

The net proceeds from each issue of Notes will, in accordance with Law 10/2014, of June 26, 2014 on ordinance, supervision and solvency of financial entities (Disposición Adicional Primera de la Ley 10/2014, de 26 de junio, de ordenación, supervision y solvencia de Entidades Financieras), be invested on a permanent basis with the Guarantor and will be used for the Group's general corporate purposes, which include making a profit. A substantial portion of the proceeds from the issue of the Notes may be used to hedge market risk with respect to such Notes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

Person Responsible

Mr. Christian Højbjerre Mortensen, of legal age, Danish, resident in Madrid, with Spanish resident identity card number X3426113-X, acting in the name and on behalf of BBVA Global Markets B.V. (the **Issuer**), in his capacity as Managing Director of the Issuer, assumes responsibility for the information featured under this Base Prospectus.

Mr. Christian Højbjerre Mortensen, in his capacity as Managing Director of the Issuer, asserts that, having taken all reasonable care to ensure such is the case, that the information contained in the Base Prospectus is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its content .

Introduction

BBVA Global Markets, B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), was incorporated under the laws of the Netherlands on 29th October, 2009 for an unlimited duration and with the purpose of issuing notes under the Programme in accordance with the objects clause contained in article 3 of the Deed of Incorporation of the Issuer dated 29th October, 2009 which reads as follows:

"The objects for which the Company is established are to raise finance through the issuance of bonds, notes, warrants, certificates and other debt instruments, and invest the funds raised in any kind of financial assets. For these purposes, the Company may enter into (i) derivative transactions or other hedging agreements, and (ii) other agreements with third parties in connection with the above object."

The Issuer has its seat (zetel) in Amsterdam. The Issuer's registered office is Calle Sauceda, 28 , 28050 Madrid, Spain (tel: +34 913745123) and its Dutch correspondence address is at Postbus, 1100 AT, Amsterdam, the Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 34363108. The Issuer has its "place of effective management" and "centre of principal interests" in Spain.

The Issuer serves as a financing company for the purposes of the Group and is regularly engaged in different financing transactions within the limits set forth in its articles of association (the "**Articles of Association**"). The Issuer's objective is, among others, to arrange medium and long term financing for the BBVA Group and cost saving by grouping these activities. Because of its aforementioned purpose, the Issuer does not have any markets in which it competes and, therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

The Issuer is a financing company that is exempt from the license requirements to operate as a bank pursuant to the exemption contained in section 3:2 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) (the "**FMSA**"), as long as:

(i) there is an unconditional guarantee from the Guarantor for the due and punctual payment of all amounts payable to the Holders that do not qualify as Professional Market Parties (as defined in the FMSA) or that are part of a closed circle with the Issuer, and the Guarantor's consolidated equity capital remains positive throughout the term of the guarantee; and

(ii) at least 95 per cent of its borrowings consist of loans and/or investments extended to, or made in, other companies and entities belonging to the Group (as defined in section 3:2 of the FMSA).

History

The Issuer has not previously carried on any business or carried on any activities other than those incidental to its registration, the authorisation and issues of Notes contemplated in this Base Prospectus and the other matters described or contemplated in this Base Prospectus and the obtaining of all approvals and the effecting of all registrations and filings necessary or desirable for its business activities.

Ownership and Capital Structure

The authorised share capital of the Issuer is €90,000 divided into 900 ordinary shares of €100 each. The total issued and paid up share capital amounts to €18,000 consisting of 180 ordinary shares. The Issuer is a direct wholly-owned subsidiary of BBVA and does not have any subsidiaries of its own. In addition, BBVA made a €19,000 share premium contribution to the Issuer on 21st November, 2011 and a €53,000 share premium contribution to the Issuer on 19th December, 2012. There are

no preferential rights of shares or profit sharing certificates. There is no conditional share capital. The entire clause 4 of the Deed of Incorporation regarding the share capital reads as follows:

"The authorised share capital of the Company is ninety thousand euro (EUR 90,000), divided into nine hundred (900) Shares, each with a par value of one hundred euro (EUR 100)."

Business

The principal business of the Issuer is to raise funds on the capital and money markets to finance the business activities of, and enter into other financial arrangements with, the Guarantor and its subsidiaries.

Financial Statements

The Issuer has published audited financial statements for the financial years ended 31st December, 2014 and 31st December, 2013 (the "Issuer's Financial Statements"). The Issuer's Financial Statements were prepared in accordance with EU-IFRS and are incorporated by reference into this Base Prospectus (see page 95).

Income Statement:

The table below sets out summary information extracted from the Issuer's audited consolidated income statement for each of periods ended 31 December 2014 and 31 December 2013 and the Issuers unaudited consolidated income statement for the period ended 30 June 2015 and 30 June 2014.

Thousands of euros	**Note**	**30.06.2015**	**30.06.2014(*)**	**31.12.2014**	**31.12.2013(*)**
- Other operating expenses		(59)	(2)	(26)	(26)
- Interest income and similar income	9	31,280	25,231	35,643	42,767
- Interest expense and similar expenses	11	(31,049)	(25,139)	(35,563)	(42,600)
- Exchange rate differences		34	2	42	7
Result of the year before tax		206	92	96	134
- Income tax		(62)	(28)	(29)	(40)
Result of the year from continued operations		144	64	67	94
Total comprehensive result of the year		144	64	67	94

(*) Presented for comparison purposes only.

Statement of Financial Position

The table below sets out summary information extracted from the Issuer's audited statement of financial position as at 31 December, 2014 and 31 December 2013 and the Issuers un-audited statement of financial position as at 30 June 2015 and 30 June 2014:

Thousands of euros	**Note**	**30.06.2015**	**30.06.2014(*)**	**31.12.2014**	**31.12.2013(*)**
ASSETS:					

Non-current assets					
- Long-Term deposits due from Parent	9	564,567	417,609	418,215	377,813
- Derivatives	10	37,416	39,199	37,882	36,328
- Other assets ***Current assets***		-	-	-	9
- Short-Term deposits due from Parent	9	43,154	6	75,670	3,406
- Derivatives	10	2,784	94	1,134	632
- Cash and cash equivalents	8	11	81	54	84
- Interest receivable from Parent - Other assets	9	72,835 55	45,701 - -	59,087 --	38,198 - -
Total assets		720,822	509,652	592,042	456,380
LIABILITIES:					
Long-Term liabilities					
- Long-Term debt securities issued	11	564,638	417,829	417,897	377,708
- Derivatives - Other liabilities	10	2,784	94 -	52,125- 	632 9
Short-Term liabilities					
- Short-Term debt securities issued	11	43,154	6,968	25,030	3,406
- Derivatives	10	2,784	94	52,125	632
- Interest payable to third parties	11	72,196	45,208	58,752	38,124
- Other liabilities		24	-	24	24
- Credit account - Current tax liabilities		153 88	80 52	81 26	54 27
Total liabilities		720,453	509,430	591,817	456,222

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

SHAREHOLDER'S EQUITY:					
Capital					
- Issued share capital	12	90	90	90	90
- Other reserves		135	68	68	(26)
- Result for the period		144	64	67	94
Total shareholder's equity		369	222	225	158
Total liabilities and shareholder's equity		720,822	509,652	592,042	456,380

Thousands of euros	**Note**	**30.06.2015**	**30.06.2014(*)**	**31.12.2014**	**31.12.2013(*)**
ASSETS:					
Non-current assets					
- Long-Term deposits due from Parent	9	564,567	417,609	418,215	377,813
- Derivatives	10	37,416	39,199	37,882	36,328
- Other assets		-	-	-	9
Current assets					
- Short-Term deposits due from Parent	9	43,154	6	75,670	3,406
- Derivatives	10	2,784	94	1,134	632
- Cash and cash equivalents	8	11	81	54	84
- Interest receivable from Parent	9	72,835	45,701	59,087	38,198
- Other assets		55	-	--	-
			-		-
Total assets		**720,822**	**509,652**	**592,042**	**456,380**
LIABILITIES:					
Long-Term liabilities					
- Long-Term debt securities issued	11	564,638	417,829	417,897	377,708
- Derivatives	10	2,784	94	52,125-	632
					9
- Other liabilities			-		

Short-Term liabilities					
- Short-Term debt securities issued	11	43,154	6,968	25,030	3,406
- Derivatives	10	2,784	94	52,125	632
- Interest payable to third parties	11	72,196	45,208	58,752	38,124
- Other liabilities		24	-	24	24
- Credit account		153	80	81	54
- Current tax liabilities		88	52	26	27
Total liabilities		**720,453**	**509,430**	**591,817**	**456,222**
SHAREHOLDER'S EQUITY:					
Capital					
- Issued share capital	12	90	90	90	90
- Other reserves		135	68	68	(26)
- Result for the period		144	64	67	94
Total shareholder's equity		**369**	**222**	**225**	**158**
Total liabilities and shareholder's equity		**720,822**	**509,652**	**592,042**	**456,380**

(*) Presented for comparison purposes only.

Since 31st December, 2014 the Issuer has issued Notes under € 2,000,000,000 Structured Medium Term Note Programme dated 17 March 2015 in an aggregate nominal amount equivalent to approximately €170.65 million, Notes under is € 2,000,000,000 Structured Medium Term Note Programme dated 8 July 2015 in an aggregate nominal amount equivalent to approximately €532.26 million and Warrants under its € 2,000,000,000 Programme for the Issue of Warrants dated 25 February 2015 in an nominal amount equivalent to €0.39 million. Other than as described herein there has been no material change in the capitalisation of the Issuer. No dividends have been paid out by the Issuer since its incorporation.

As of the date of this Base Prospectus, all securities issued have been admitted to trading on the regulated market of the Irish Stock Exchange or AIAF.

The auditors of the Issuer are Deloitte Accountants B.V. Gustav Mahlerlaan 2970 LA Amsterdam, Netherlands. The auditors of the Issuer are Chartered Accountants and members of the Netherlands Institute for Chartered Accountants (Nederlands Instituut voor Registereaccountants).

The Issuer does not have an audit committee. The audit committee of Guarantor, which is the sole shareholder of the Issuer, is fully compliant with Spanish corporate governance standards as is described in sections C.2.1 to C.2.5 of the "*Informe Anual de Gobierno Corporativo*" filed with the CNMV on 5 February 2016 with the the audited consolidated and individual annual financial statements of the Guarantor for the financial year ended December 31, 2015

Management

The Board of Directors of the Issuer consists of the following Managing Directors:

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

Name	Position at the Issuer	Present Principal Occupation Outside of the Issuer
Raul Moreno Carnero	Managing Director	Institutional Funding Manager of BBVA
Maria Angeles Coscaron Tome	Managing Director	Head of Global Structured Solutions of BBVA
Christian Højbjerre Mortensen	Managing Director	Global Structured Solutions Manager of BBVA
Eloy Fontecha Fernandez	Managing Director	Head of Global Markets-Europe of BBVA

There are no potential conflicts of interest between any duties to the Issuer of the directors of the Issuer and their private interests.

The business address of the Managing Directors of the Issuer is Calle Sauceda 28, 28050 Madrid, Spain. The Issuer does not have any employees.

The Issuer complies with the corporate governance regime in the Netherlands.

Tax Status of the Issuer

The Issuer has its tax residency in Spain.

Legal Procedings

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 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Person responsible

Ms. María de los Ángeles Coscarón Tomé, of legal age, Spanish, resident in Madrid, with Spanish identity card number 2872542-A, acting in the name and on behalf of Banco Bilbao Vizcaya Argentaria, S.A. (**BBVA** or the **Guarantor**), in her capacity as an authorised signatory of BBVA and by virtue of the powers of attorney granted on 17 December, 2014 by the Board of Directors of the Guarantor, assumes responsibility for the information featured under the heading "*Description of Banco Bilbao Vizcaya Argentaria, S.A.*" in this Base Prospectus.

Ms. Maria de los Ángeles Coscarón Tomé, in her capacity as an authorised signatory of BBVA, asserts that, having taken all reasonable care to ensure such is the case, that the information contained in the Base Prospectus is, to the best of her knowledge, in accordance with the facts and contains no omission likely to affect its content.

HISTORY AND DEVELOPMENT OF BBVA

BBVA's predecessor bank, BBV, was incorporated as a limited liability company (a *sociedad anónima* or S.A.) under the Spanish Corporations Law on 1st October, 1988. BBVA was formed following the merger of Argentaria into BBV, which was approved by the shareholders of each entity on 18th December, 1999 and registered on 28th January, 2000. It conducts its business under the commercial name "BBVA". BBVA is registered with the Commercial Registry of Vizcaya (Spain). It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Calle Azul, 4, 28050, Madrid, Spain, telephone number +34-91-374-6201. BBVA's agent in the U.S. for U.S. federal securities law purposes is Banco Bilbao Vizcaya Argentaria, S.A., New York Branch (1345 Avenue of the Americas, New York, New York 10105 (Telephone: +1-212-728-1660)). BBVA is incorporated for an unlimited term.

CAPITAL EXPENDITURES

BBVA Group's principal investments are financial investments in its subsidiaries and affiliates. The main capital expenditures in 2015, 2014 and 2013 were the following:

2015

Acquisition of an additional 14.89 per cent. of Garanti

On November 19, 2014, BBVA Group signed a new agreement with Dogus Holding AS, Ferit Faik Sahenk, Dianne Sahenk and Defne Sahenk (hereinafter "**Dogus**") to, among other terms, the acquisition of 62,538,000,000 additional shares of Garanti (equivalent to 14.89% of the capital of this entity) for a maximum total consideration of 8.90 Turkish lira ("**TL**") per batch (Garanti traded in batches of 100 shares each).

In the same agreement stated that if the payment of dividends for the year 2014 was executed by Dogus before the closing of the acquisition, that amount would be deducted from the amount payable by BBVA Group. On April 27, 2015, Dogus received the amount of the dividend paid to shareholders of Garanti, which amounted to Turkish Liras 0.135 per batch.

On July 27, 2015, after obtaining all the required regulatory approvals, BBVA Group materialized said participation increase after the acquisition of these shares. BBVA Group's current interest in Garanti is 39.90%.

The total price effectively paid by BBVA Group amounted to 8.765 TL per batch (amounting to approximately TL 5,481 million and €1,857 million applying a 2.9571 TL/EUR exchange rate).

In accordance with the IFRS-IASB accounting rules, and as a consequence of the agreements reached, the BBVA Group shall, at the date of effective control, measure at fair value its previously acquired stake of 25.01% in Garanti (classified as a joint venture accounted for using the equity method) and shall consolidate Garanti in the consolidated financial statements of the BBVA Group, beginning on the above-mentioned effective control date.

Measuring the above-mentioned stake in Garanti Bank at fair value resulted in a negative impact in "Gains (Losses) on derecognized assets not classified as non-current assets held for sale" in the consolidated income statement of the BBVA Group for the year ended December 31, 2015, which resulted, in turn, in a net negative impact in the Profit attributable to parent company of the BBVA Group in 2015 amounting to €1,840 million. Such accounting impact did not translate into any additional cash outflow from BBVA Group. Most of this impact is generated by the exchange rate differences due to the depreciation of the TL against Euro since the initial acquisition by BBVA Group of the 25.01% stake in Garanti Bank up to

the date of effective control. As of December 31, 2015, these exchange rate differences were already registered as Other Comprehensive Income deducting the stock shareholder's equity of the BBVA Group.

The agreements with the Dogus group include an agreement for the management of the bank and the appointment by the BBVA Group of the majority of the members of its Board of Directors (7 of 10). The 39.90% stake in Garanti is consolidated in the BBVA Group, because of these management agreements.

As of December 31, 2015, Garanti group has total assets of approximately €90 billion, of which approximately €55 billion were loans to customers, and a volume of customer deposits of approximately €75 billion. The contribution of Garanti to the 2015 consolidated income statement, regardless the above mentioned stake in Garanti Bank at fair value, has been €371 million.

The amount that Garanti Group would have contributed to BBVA Group had that business combination been performed at the start of 2015 would be €539 million, regardless the above mentioned stake in Garanti Bank at fair value.

BBVA Group estimate as of December 31, 2015, according to the acquisition method, that compares between the fair values assigned to the assets acquired with the liabilities assumed from Garanti, along with the identified intangible assets, and cash payment made by the BBVA Group in consideration of the transaction, generated a goodwill of €622 million, which is registered under the heading "Intangible assets – Goodwill" in the accompanying consolidated balance sheet as of December 31, 2015, although, as mentioned above, this estimation is provisional. According to the IFRS 3, there is a measurement period, that not exceed one year from the acquisition date, to retrospectively adjust the provisional amounts recognized at the acquisicion date related to new facts and circumstances existed at that time and would have affected to calculate initial acquisition amount.

Acquisition of Catalunya Banc

On April 24, 2015, once the necessary authorizations had been obtained and all the agreed conditions precedent had been fulfilled, BBVA Group announced the acquisition of 1,947,166,809 shares of Catalunya Banc, S.A. ("**Catalunya Banc**") (approximately 98.4% of its share capital) for a price of approximately €1,165 million.

Previously, on July 21, 2014, the Management Commission of the FROB had accepted BBVA Group's bid in the competitive auction for the acquisition of Catalunya Banc.

As of December 31, 2015, Catalunya Banc had assets of approximately €40 billion, of which approximately €19 billion corresponded to loans and advances to customers. Customer deposits amounted to approximately €36 billion as of such date.

According to the purchase method, the comparison between the fair values assigned to the assets acquired and the liabilities assumed from Catalunya Banc as of December 31, 2015, and the cash payment made to the FROB in consideration of the transaction generated a difference of €26 million, which was registered under the heading "Negative Goodwill in business combinations" in the consolidated income statement for the year ended December 31, 2015. According to the IFRS 3, there is a measurement period, that not exceed one year from the acquisition date, to retrospectively adjust the provisional amounts recognized at the acquisicion date related to new facts and circumstances existed at that time and would have affected to calculate initial acquisition amount.

2014

In 2014 there were no additional significant capital expenditures.

2013

Acquisition of Unnim Vida

On February 1, 2013, Unnim Banc, S.A. (which was subsequently merged into BBVA Group), reached an agreement with Aegon Spain Holding B.V. to acquire 50% of Unnim Vida, Inc. Insurance and Reinsurance ("**Unnim Vida**") for a price of €352 million. Following this acquisition, the Group's owned 100% of Unnim Vida.

CAPITAL DIVESTITURES

BBVA Group's principal divestitures are financial divestitures in its subsidiaries and in affiliates. The main capital divestitures in 2015, 2014 and 2013 were the following:

2015

Sale of the participation in Citic International Financial Holdings Limited (CIFH)

On December 23, 2014, the BBVA Group signed an agreement to sell its 29.68% participation in Citic International Financial Holdings Limited ("**CIFH**"), to China CITIC Bank Corporation Limited ("**CNCB**"). CIFH is a non-listed subsidiary of CNCB domiciled in Hong Kong. On August 27, 2015, BBVA Group completed the sale of this participation. The selling price was HK$8,162 million registered under gains (losses) in non-current assets held for sale not classified as discontinued operations.

Partial sale of China CITIC Bank Corporation Limited (CNCB)

On January 23, 2015, the BBVA Group signed an agreement to sell a 4.9% stake in CNCB to UBS AG, London Branch (UBS), which in turn entered into transactions pursuant to which such CNCB shares were to be transferred to a third party, with the ultimate economic benefit of ownership of such CNCB shares being transferred to Xinhu Zhongbao Co., Ltd (Xinhu) (collectively, the "**Relevant Transactions**"). On March 12, 2015, after having obtained the necessary approvals, BBVA Group completed the sale. The selling price to UBS was HK$5.73 per share, amounting to a total of HK$13,136 million, equivalent to approximately €1,555 million (with an exchange rate of €/HK$=8.45 as of the date of the closing).

In addition to the sale of this 4.9% stake, the BBVA Group made various sales of CNCB shares in the market during 2015. In total, a participation of 6.34% in CNCB was sold during 2015. The impact of these sales on the Consolidated Financial Statements of the BBVA Group was a gain, net of taxes, of approximately €705 million in 2015. This gain, gross of taxes, was recognized under "Gains (losses) in non-current assets available for sale not classified as discontinued operations" in the consolidated income statement for 2015.

As of December 31, 2015, BBVA Group holds a 3.26% interest in CNCB (valued at €910 million). This participation is recognized under the heading "Available for sale financial assets" of the balance sheet as of December 31, 2015.

2014

In 2014 there were no significant capital divestitures.

2013

Sale of BBVA Panamá

On 20th July, 2013, BBVA Group announced that it had reached an agreement with entity Leasing Bogotá S.A., Panamá, a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale of BBVA Group's direct and indirect ownership interest (98.92 per cent.) in Banco Bilbao Vizcaya Argentaria (Panamá), S.A. (BBVA Panamá).

On December 19, 2013, after having obtained the necessary approvals, BBVA Group completed the sale.

The total consideration that BBVA Group received pursuant to this sale amounted to approximately U.S.$645 million, $505 million as sale price and $140 million as distribution of dividends by BBVA Panamá from June 1, 2013.

After deducting such distribution of dividends the capital gain for BBVA Group, gross of taxes, amounted to approximately €230 million which was recognized under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income statement in 2013.

Sale of pension businesses in Latin America

On May 24, 2012, BBVA Group announced its decision to conduct a study on strategic alternatives for its pension business in Latin America. The alternatives considered in this process included the total or partial sale of the businesses of the Pension Fund Administrators ("**AFP**") in Chile, Colombia and Peru, and the Retirement Fund Administrator (Afore) in Mexico.

On October 2, 2013, with the sale of Administradora de Fondos de Pensiones AFP Provida S.A. ("**AFP Provida**"), BBVA Group finalized the process. Below is a description of each of the operations that have been carried out during this process:

Sale of AFP Provida (Chile)

On February 1, 2013, BBVA Group reached an agreement with MetLife, Inc., for the sale of the 64.3% stake that BBVA held direct and indirectly in the Chilean Pension Fund manager AFP Provida.

On October 2, 2013, BBVA Group completed the sale. The total amount in cash received by BBVA Group was approximately $1,540 million U.S. dollars, taking into account the purchase price amounting to roughly $1,310 million as well as the dividends paid by AFP Provida since February 1, 2013 amounting to roughly $230 million. The gain on disposal, attributable to the parent company net of taxes, amounted to approximately €500 million which was recognized under the heading “Profit from discontinued operations (Net)” in the consolidated income statement in 2013.

Sale of BBVA AFP Horizonte, S.A. (Peru)

On April 23, 2013, BBVA Group sold its wholly-owned Peruvian subsidiary “AFP Horizonte, S.A.” to “AFP Integra S.A.” and “Profuturo AFP, S.A.” who have each acquired 50% of said company.

The total consideration paid for the shares is approximately US$ 544 million. This consideration is composed by a price of approximately US$ 516 million and a dividend distributed prior to the closing of approximately US$ 28 million.

The gain on disposal, attributable to parent company net of taxes, amounted to approximately €206 million at the moment of the sale and such gain was recognized under the heading “Profit from discontinued operations (Net)” in the consolidated income statement in 2013.

Sale of BBVA AFP Horizonte S.A. (Colombia)

On December 24, 2012, BBVA Group reached an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir, S.A., a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale to the former of the total stake that BBVA Group held directly or indirectly in the Colombian company BBVA Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.

On April 18, 2013, after having obtained the necessary approvals, BBVA Group completed the sale. The adjusted total price was U.S.$541.4 million. The gain on disposal, attributable to BBVA Group net of taxes, amounted to approximately €255 million at the time of the sale, and was recognized under the heading "Profit from discontinued operations (Net)" in the consolidated income statement in 2013.

Sale of Afore Bancomer (Mexico)

On November 27, 2012, BBVA Group reached an agreement to sell to Afore XXI Banorte, S.A. de C.V. its entire stake directly or indirectly held in the Mexican subsidiary Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.

Once the corresponding authorization had been obtained from the competent authorities, the sale was closed on January 9, 2013, at which point the BBVA Group no longer had control over the subsidiary sold.

The total sale price was U.S.$1,735 million (approximately €1,327 million). The gain on disposal, attributable to BBVA net of taxes, was approximately €771 million, and was recognized under the heading “Profit from discontinued operations (Net)” in the consolidated income statement in 2013.

Agreement with CITIC Group

As of October 21, 2013, BBVA Group reached an agreement with the Citic group that included, among other matters, the sale by BBVA Group of a 5.1% stake in CNCB to Citic Limited for an amount of approximately €944 million. After this sale, the stake of BBVA Group in CNCB was reduced to 9.9%.

In accordance with IFRS 11, this sale led to a change in the accounting criteria applicable to BBVA Group’s participation in CNCB, to a financial participation recognized under the heading “Available-for-sale financial assets”.

The change in the accounting criteria and the sale referred to above resulted in a loss attributable to the BBVA Group at the time of the sale of approximately €2,600 million which was recognized under the heading "Gains (losses) on derecognized assets not classified as non-current assets held for sale" in the consolidated income statement in 2013.

BUSINESS OVERVIEW

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BBVA Group is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. We also have investments in some of Spain's leading companies.

Operating Segments

Set forth below are the BBVA Group's current seven operating segments:

- Banking Activity in Spain
- Real Estate Activity in Spain
- Turkey
- Rest of Eurasia
- Mexico
- South America
- United States

In addition to the operating segments referred to above, the Group has a Corporate Center which includes those items that have not been allocated to an operating segment. It includes BBVA Group's general management functions, including: costs from central units that have a strictly corporate function; management of structural exchange rate positions carried out by the Financial Planning unit; specific issuances of capital instruments designed to ensure adequate management of the BBVA Group's overall capital position; proprietary portfolios such as holdings in some of Spain's leading companies and their corresponding results; certain tax assets and liabilities; provisions related to commitments with pensioners; and goodwill and other intangibles. It also comprises the following items (i) with respect to 2015, the capital gains resulting from the various sale transactions of an aggregate 6.34% stake in CNCB: the effect of the valuation at fair value of the 25.01% initial stake held by BBVA Group in Garanti, the impact of the sale of BBVA Group's 29.68% stake in CIFH and the negative goodwill generated from the acquisition of Catalunya Banc and (ii) with respect to 2013, the earnings resulting from the sale of the pension businesses in Mexico, Colombia, Peru and Chile and also the results of these businesses until their sale; the capital gain from the sale of BBVA Panamá; and the impact associated with the reduction of the stake in CNCB (which led to the repricing at market value of BBVA Group's stake in CNCB, as well as the equity-adjusted results from CNCB, excluding dividends).

The information presented below as of and for the years ended December 31, 2014 and 2013 has been recast to reflect BBVA Group's current operating segments. In addition, the information presented below as of and for the year ended December 31, 2013 reflects certain minor reclassifications made in 2014 among BBVA Group's operating segments, including as a result of the reclassification of BBVA Group business in Panama (sold in 2013) to the Corporate Center.

The breakdown of the BBVA Group's total assets by operating segments as of December 31, 2015, 2014 and 2013 is as follows:

	As of December 31		
Total Assets by Operating Segment	**2015**	**2014**	**2013 (1)**
	(in millions of euros)		
Banking Activity in Spain	339,643	318,446	314,956
Real Estate Activity in Spain	17,310	17,365	19,975
Turkey(2)	89,003	22,342	19,453
Rest of Eurasia	23,626	22,325	21,771

Mexico	99,472	93,731	81,801
South America	70,661	84,364	77,874
United States	86,454	69,261	53,046
Subtotal Assets by Operating Segments	**726,170**	**627,834**	**588,876**
Corporate Center and other adjustments [(3)]	23,908	4,108	(6,179)
Total Assets BBVA Group	**750,078**	**631,942**	**582,697**

(1) Reflects certain restatements relating to, among others, the reclassification of the BBVA Group's business in Panama (sold in 2013) to the Corporate Center.

(2) The information as of December 31, 2014 and 2013 is presented under management criteria, pursuant to which Garanti's assets and liabilities have been proportionally integrated based on Group's 25.01% interest in Garanti as of such dates.

(3) As of December 31, 2014 and 2013, other adjustments include adjustments made to account for the fact that, in the BBVA Group's Consolidated Financial Statements, Garanti was previously accounted for using the equity method until the adquisition of an additional 14.89% rather than using the management criteria referred to above.

The following table sets forth information relating to the profit by each of BBVA Group's operating segments and Corporate Center for the years ended December 31, 2015, 2014 and 2013.

	Profit/(Loss) Attributable to Parent Company			**per cent. of Profit/(Loss) Attributable to Parent Company**		
	For the Year Ended December 31,					
	2015	**2014[(3)]**	**2013[(1)(3)]**	**2015**	**2014**	**2013[(1)(3)]**
	(in millions of euros)			*(in percentage)*		
Banking Activity in Spain	1,046	858	428	23.1	22.2	14.2
Real Estate Activity in Spain	(492)	(901)	(1,268)	(10.9)	(23.3)	(41.9)
Turkey[(2)]	371	310	264	8.2	8.0	8.7
Rest of Eurasia	76	255	185	1.7	6.6	6.1
Mexico	2,090	1,915	1,802	46.1	49.5	59.6
South America	905	1,001	1,224	20.0	25.9	40.5
United States	537	428	390	11.9	11.1	12.9
Subtotal Operating Segments	**4,533**	**3,867**	**3,025**	**100.00**	**100.00**	**100.00**
Corporate Center	(1,891)	(1,249)	(941)			
Profit	**2,642**	**2,618**	**2,084**			

(1) Reflects certain restatements relating to, among others, the reclassification of the BBVA Group's business in Panama (sold in 2013) to the Corporate Center.

(2) The information for the years ended December 31, 2014 and 2013 and with respect to 2015, until July 2015, is presented under management criteria, pursuant to which Garanti's results have been proportionally integrated based on BBVA Group's 25.01% interest in Garanti until July 2015, when the acquisition of an additional 14.89% stake in Garanti was completed and we started consolidating 100% of the Garanti Group.

(3) In the fourth quarter of 2015, certain operating expenses related to technology were reclassified from the Corporate Center to the Banking Activity in Spain reporting business area. This reclassification was a consequence of the reassignment of technology-related management competences, resources and responsibilities from the Corporate Center to the Banking Activity in Spain business area during 2015. In BBVA Group's Consolidated Financial Statements and throughout this Annual Report, the comparative financial information by operating segment for 2014 and 2013 has been retrospectively revised to reflect the reclassification of these expenses.

The following table sets forth information relating to the income of each operating segment for the years ended December 31, 2015, 2014 and 2013 and reconciles the income statement of the various operating segments to the consolidated income statement of the Group:

	Operating Segments										
	Banking Activity in Spain	**Real Estate Activity in Spain**	**Turkey [1]**	**Rest of Eurasia**	**Mexico**	**South America**	**United States**	**Corporate Center**	**Total**	**Adjustments [2] [4]**	**BBVA Group**
		(in millions of euros)									
2015											
Net interest income	4,000	66	2,194	183	5,393	3,202	1,811	(424)	16.426	(404)	16,022
Gross income	6,804	(16)	2,434	473	7,069	4,477	2,652	(212)	23.680	(318)	23,362
Net margin before provisions	3,302	(150)	1,273	121	4,456	2,498	846	(982)	11.363	(109)	11,254
Operating profit /(loss) before tax	1,492	(713)	853	111	2,769	1,814	705	(1,152)	5.879	(1,276)	4,603
Profit	**1,046**	**(492)**	**371**	**76**	**2,090**	**905**	**537**	**(1,891)**	**2.642**	**-**	**2,642**
2014											
Net interest income	3,830	(38)	735	189	4,910	4,699	1,443	(651)	15.116	(734)	14,382
Gross income	6,621	(220)	944	736	6,522	5,191	2,137	(575)	21.357	(632)	20,725
Net margin before provisions[3]	3,534	(373)	550	393	4,115	2,875	640	(1,328)	10.406	(240)	10,166
Operating profit /(loss) before tax	1,220	(1,287)	392	320	2,519	1,951	561	(1,615)	4.063	(82)	3,980

Profit	**858**	**(901)**	**310**	**255**	**1,915**	**1,001**	**428**	**(1,249)**	**2.618**	**-**	**2,618**
2013											
Net interest income	3,838	4	713	195	4,478	4,660	1,402	(678)	14.613	(713)	13,900
Gross income	6,103	(111)	929	788	6,194	5,583	2,047	(343)	21.191	(439)	20,752
Net margin before provisions[(3)]	2,860	(253)	522	459	3,865	3,208	618	(1,290)	9.990	(34)	9,956
Operating profit /(loss) before tax	1	(1,868)	339	248	2,358	2,354	534	(1,421)	2.544	(1,590)	954
Profit	**428**	**(1,268)**	**264**	**185**	**1,802**	**1,224**	**390**	**(941)**	**2.084**	**-**	**2,084**

(1) The information for the years ended December 31, 2014 and 2013 and with respect to 2015, until July 2015, is presented under management criteria, pursuant to which Garanti's results have been proportionally integrated based on Group's 25.01% interest in Garanti until July 2015, when the acquisition of an additional 14.89% stake in Garanti was completed and we started consolidating 100% of the Garanti group.

(2) Other adjustments include adjustments made to account for the fact that, in BBVA Group's consolidated financial statements, Garanti was accounted for using the equity method rather than using the management criteria referred to above.

(3) "Net margin before provisions" is calculated as "Gross income" less "Administration costs" and "Depreciation and amortization".

(4) In the fourth quarter of 2015, certain operating expenses related to technology were reclassified from the Corporate Center to the Banking Activity in Spain reporting business area. This reclassification was a consequence of the reassignment of technology-related management competences, resources and responsibilities from the Corporate Center to the Banking Activity in Spain business area during 2015. In BBVA Group's Consolidated Financial Statements and throughout this Annual Report, the comparative financial information by operating segment for 2014 and 2013 has been retrospectively revised to reflect the reclassification of these expenses.

Banking Activity in Spain

The Banking Activity in Spain operating segment includes all of BBVA Group's banking and non-banking businesses in Spain, other than those included in the Corporate Center and Real Estate Activity in Spain. The main business units included in this operating segment are:

- ***Spanish Retail Network***: including individual customers, private banking, small companies and businesses in the domestic market;
- ***Corporate and Business Banking (CBB)***: which manages small and medium-sized enterprises (**SMEs**), companies and corporations, public institutions and developer segments;
- ***Corporate and Investment Banking (C&IB)***: responsible for business with large corporations and multinational groups and the trading floor and distribution business in Spain; and
- ***Other units***: which include the insurance business unit in Spain (BBVA Seguros), and the Asset Management unit, which manages Spanish mutual funds and pension funds.

In addition, it includes certain loans and advances portfolios, finance and structural euro balance sheet positions.

The following table sets forth information relating to the activity of this operating segment for the years ended December 31, 2015, 2014 and 2013:

	As of December 31		
	2015	**2014**	**2013**
	(in millions of euros)		
Total Assets	**339,643**	**318,446**	**314,956**
Loans and advances to customers	**192,068**	**174,201**	**178,288**
Of which:			
Residential mortgages	85,002	74,508	77,575
Consumer finance	6,145	5,270	6,703
Loans	4,499	3,946	4,962
Credit cards	1,646	1,324	1,741
Loans to enterprises	43,763	37,224	37,181
Loans to public sector	20,975	22,833	21,694
Customer deposits	**185,314**	**154,261**	**157,124**
Of which:			
Current and savings accounts	81,061	61,434	56,194
Time deposits	78,403	70,521	80,234
Other customer funds	14,906	9,207	8,198
Assets under management	**56,690**	**50,702**	**42,651**
Of which:			
Mutual funds	33,670	29,649	23,018
Pension funds	22,897	21,879	20,427
Other placements	123	174	206

Loans and advances to customers in this operating segment as of December 31, 2015 amounted to €192,068 million, a 10.3 per cent. increase from the €174,201 million recorded as of December 31, 2014, mainly as a result of the inclusion of Catalunya Banc on April 24, 2015.

Customer deposits in this operating segment as of December 31, 2015 amounted to €185,314 million, a 20.1% increase from the €154,261 million recorded as of December 31, 2014, mainly due to the acquisition of Catalunya Banc and the good performance of current and saving accounts.

Mutual funds in this operating segment as of December 31, 2015 amounted to €33,670 million, a 13.6 per cent. increase from the €29,649 million as of December 31, 2014 , mainly as a result of the transfer of customer deposits to mutual funds. Pension funds in this operating segment as of December 31, 2015 amounted to €22,897 million, a 4.7 per cent. increase from the €21,879 million recorded as of December 31, 2014.

This operating segment's non-performing assets ratio increased to 6.6% as of December 31, 2015, from 6.0% as of December 31, 2014, mainly due to the acquisition of Catalunya Banc. This operating segment non-performing assets coverage ratio increased to 59% as of December 31, 2015, from 45 per cent. as of December 31, 2014.

Real Estate Activity in Spain

This operating segment was set up with the aim of providing specialized and structured management of the real estate assets accumulated by BBVA Group as a result of the economic crisis in Spain. It includes primarily lending to real estate developers and foreclosed real estate assets.

BBVA Group's exposure, including loans and advances to customers and foreclosed assets, to the real estate sector in Spain is declining. As of December 31, 2015, the balance stood at €12,394 million, 1.2% lower than as of December 31, 2014. Non-performing assets of this segment have continued to decline and as of December 31, 2015 were 8.5% lower than as of December 31, 2014. The coverage of non-performing and potential problem loans of this segment increased to 63.4% as of December 31, 2015, compared with 62.8% of the total amount of real-estate assets in this operating segment.

Turkey

This operating segment reflects BBVA Group's stake in the Turkish bank Garanti. Following management criteria, assets and liabilities have been proportionally integrated based on BBVA Group's 25.01% interest in Garanti until July 2015, when the agreement came into effect and the Garanti Group began consolidating (100%).

The following table sets forth information relating to the business activity of this operating segment for the years ended December 31, 2015, 2014 and 2013:

	As of December 31		
	2015	**2014**	**2013**
	(in millions of euros)		
Total Assets	**89,003**	**22,342**	**19,453**
Loans and advances to customers	**57,768**	**13,635**	**11,554**
Of which:			
Residential mortgages	6,215	1,413	1,204
Consumer finance	14,156	3,653	3,204
Loans	9,010	2,402	1,976
Credit cards	5,146	1,252	1,228
Loans to enterprises	31,918	7,442	6,380
Loans to public sector	-	-	-
Customer deposits	**47,148**	**11,626**	**9,704**
Of which:			
Current and savings accounts	9,697	2,151	1,726
Time deposits	33,695	7,860	6,889
Other customer funds	--	-	-
Assets under management	**3,620**	**882**	**730**

		As of December 31	
Of which:			
Mutual funds	1,243	344	373
Pension funds	2,378	538	357
Other placements		-	-

During 2015, the Turkish lira depreciated against the euro in average terms (from 2.9064 liras/€ in 2014 to 3.0246 liras/€ in 2015). Also, there was a year-on-year depreciation of the Turkish lira as of December 31, 2015 (from 2.8320 liras/€ as of December 31, 2014 to 3.1765 liras/€ as of December 31, 2015). The effect of these changes in exchange rates was negative for both the year-on-year comparison of the income statement and the year-on-year comparison of the balance sheet .

The year-on-year variations in the line items discussed below were all mainly due to the first time full consolidation of the Garanti group in 2015.

Loans and advances to customers in this operating segment as of December 31, 2015 increased to €57,768 million from the €13,635 million recorded as of December 31, 2014.

Customer deposits in this operating segment as of December 31, 2015 increased to €47,148 million from the €11,626 million recorded as of December 31, 2014.

Mutual funds in this operating segment as of December 31, 2015 increased to €1,243 million from the €344 million recorded as of December 31, 2014.

Pension funds in this operating segment as of December 31, 2015 increased to €2,378 million from the €538 million recorded as of December 31, 2014.

This operating segment's non-performing asset ratio was 2.8% as of December 31, 2015 and 2014. This operating segment's non-performing assets coverage ratio increased to 129.3% as of December 31, 2015 from 115.1% as of December 31, 2014.

Rest of Eurasia

This operating segment covers the retail and wholesale banking businesses of the BBVA Group in Europe (primarily Portugal) and Asia (excluding Spain and Turkey).

The following table sets forth information relating to the business activity of this operating segment for the years ended December 31, 2015, 2014 and 2013:

	As of December 31		
	2015	**2014**	**2013**
	(in millions of euros)		
Total Assets	**23,626**	**22,325**	**21,771**
Loans and advances to customers	**16,143**	**15,795**	**16,843**
Of which:			
Residential mortgages	2,614	2,779	2,952
Consumer finance	322	490	779
Loans	305	475	767

		As of December 31	
Credit cards	17	15	12
Loans to enterprises	12,619	11,119	11,598
Loans to public sector	216	234	251
Customer deposits	**15,210**	**11,045**	**7,931**
Of which:			
Current and savings accounts	5,188	3,224	2,659
Time deposits	9,319	7,341	4,704
Other customer funds	609	376	463
Assets under management	**331**	**466**	**408**
Of which:			
Mutual funds	-	152	132
Pension funds	331	314	276

Loans and advances to customers in this operating segment as of December 31, 2015 amounted to €16,143 million, a 2.2% increase from the €15,795 million recorded as of December 31, 2014, mainly as a result of the stronger activity in Asia.

Customer deposits in this operating segment as of December 31, 2015 amounted to €15,210 million, a 37.7% increase from the €11,045 million recorded as of December 31, 2014, mainly as a result of increased deposits in Europe.

Mutual funds in this operating segment as of December 31, 2015 were nil compared to the €152 million recorded as of December 31, 2014, due mainly to the decrease of these funds in Portugal (mutual funds have been progressively transferred from Portugal to the Asset Management unit within Banking Activity in Spain segment).

Pension funds in this operating segment as of December 31, 2015 amounted to €331 million, a 5.4% increase from the €314 million recorded as of December 31, 2014, mainly as a result of increases in Portugal.

This operating segment's non-performing assets ratio decreased to 2.6% as of December 31, 2015 from 3.7% as of December 31, 2014. This operating segment non-performing assets coverage ratio increased to 96 per cent. as of December 31, 2015 from 80 per cent. as of December 31, 2014.

Mexico

The Mexico operating segment comprises the banking and insurance businesses conducted in Mexico by the BBVA Bancomer financial group.

The following table sets forth information relating to the business activity of this operating segment for the years ended December 31, 2015, 2014 and 2013:

	As of December 31		
	2015	**2014**	**2013**
	(in millions of euros)		
Total Assets	**99,472**	**93,731**	**81,801**

	As of December 31		
Loans and advances to customers	**49,048**	**46,798**	**40,668**
Of which:			
Residential mortgages	9,099	9,272	8,985
Consumer finance	11,588	10,902	10,096
Loans	6,550	5,686	4,748
Credit cards	5,038	5,216	5,348
Loans to enterprises	18,162	16,706	13,881
Loans to public sector	4,197	4,295	3,594
Customer deposits	**49,539**	**45,937**	**42,452**
Of which:			
Current and savings accounts	32,168	28,014	24,672
Time deposits	7,049	6,426	5,611
Other customer funds	5,724	6,537	6,164
Assets under management	**21,557**	**22,094**	**19,673**
Of which:			
Mutual funds	17,894	18,691	16,896
Other placements	3,663	3,403	2,777

The Mexican peso slightly depreciated against the euro as of December 31, 2015 compared with December 31, 2014, negatively affecting the business activity of the Mexico operating segment as of December 31, 2015 expressed in euro.

Loans and advances to customers in this operating segment as of December 31, 2015 amounted to €49,048 million, a 4.8% increase from the €46,798 million recorded as of December 31, 2014, mainly due to significant increase in the retail portfolio, especially boosted by lending to small and business enterprises and, in a lesser extent, consumer finance and credit cards.

Customer deposits in this operating segment as of December 31, 2015 amounted to €49,539 million, a 7.8% increase from the €45,937 million recorded as of December 31, 2014, mainly as a result of the positive performance of both current and saving accounts and time deposits.

Mutual funds in this operating segment as of December 31, 2015 amounted to €17,894 million, a 4.3% decrease from the €18,691 million recorded as of December 31, 2014.

This operating segment's non-performing assets ratio decreased to 2.6% as of December 31, 2015, from 2.9% as of December 31, 2014. This operating segment non-performing assets coverage ratio increased to 120% as of December 31, 2015, from 114% as of December 31, 2014.

South America

The South America operating segment manages the BBVA Group's banking and insurance businesses in the region.

The business units included in the South America operating segment are:

- ***Retail and Corporate Banking***: includes banks in Argentina, Chile, Colombia, Paraguay, Peru, Uruguay and Venezuela.

- ***Insurance businesses***: includes insurance businesses in Argentina, Chile, Colombia, and Venezuela.

The following table sets forth information relating to the business activity of this operating segment for the years ended December 31, 2015, 2014 and 2013:

	As of December 31		
	2015	**2014**	**2013**
	(in millions of euros)		
Total Assets	**70,661**	**84,364**	**77,874**
Loans and advances to customers	**44,970**	**52,920**	**48,466**
Of which:			
Residential mortgages	9,810	9,622	8,534
Consumer finance	9,278	13,575	13,112
Loans	6,774	9,336	9,441
Credit cards	2,504	4,239	3,670
Loans to enterprises	19,896	20,846	18,606
Loans to public sector	630	650	601
Customer deposits	**41,998**	**56,370**	**55,167**
Of which:			
Current and savings accounts	21,011	35,268	35,091
Time deposits	16,990	16,340	15,018
Other customer funds	4,031	5,012	4,744
Assets under management	**9,729**	**8,480**	**6,552**
Of which:			
Mutual funds	3,793	3,848	2,952
Pension funds	5,936	4,632	3,600

The period-end exchange rate against the euro of the currencies of the countries in which BBVA Group operates in South America decreased, on average, in 2015, compared with December 2014, negatively affecting the business activity in South America. The depreciation of the Venezuelan bolivar fuerte as of December 31, 2015 was particularly significant.

Loans and advances to customers in this operating segment as of December 31, 2015 amounted to €44,970 million, a 15.0% decrease from the €52,920 million recorded as of December 31, 2014, mainly due to increased activity, particularly in consumer loans, credit cards and corporate lending.

Customer deposits in this operating segment as of December 31, 2015 amounted to €41,998 million, a 25.5% decrease from the €56,370 million recorded as of December 31, 2014, mainly due to the significant depreciation of the Venezuelan bolivar fuerte. Excluding this impact, there was a positive growth of our products, in particular current and saving accounts.

Mutual funds in this operating segment as of December 31, 2015 amounted to €3,793 million, a 1.4% decrease from the €3,848 million recorded as of December 31, 2014, mainly due to the significant depreciation of the Venezuelan bolivar fuerte. Excluding this impact, there was a positive performance in Argentina, Chile and Peru.

Pension funds in this operating segment as of December 31, 2015 amounted to €5,936 million, a 28.2% increase from the €4,632 million recorded as of December 31, 2014, mainly as a result of the increased volumes in Bolivia and the appreciation of the Bolivian boliviano.

This operating segment's non-performing assets ratio increased to 2.3% as of December 31, 2015, from 2.1% as of December 31, 2014 . This operating segment non-performing assets coverage ratio decreased to 123% as of December 31, 2015, from 138% as of December 31, 2014.

United States

This operating segment encompasses the BBVA Group's business in the United States. BBVA Compass accounted for approximately 91% of the operating segment's balance sheet as of December 31, 2015. Given its size in this segment, most of the comments below refer to BBVA Compass. This operating segment also includes the assets and liabilities of the BBVA office in New York, which specializes in transactions with large corporations.

The following table sets forth information relating to the business activity of this operating segment for the years ended December 31, 2015, 2014 and 2013:

	As of December 31		
	2015	**2014**	**2013**
	(in millions of euros)		
Total Assets	**86,454**	**69,261**	**53,046**
Loans and advances to customers	**60,599**	**49,667**	**38,067**
Of which:			
Residential mortgages	13,182	11,876	9,591
Consumer finance	7,364	5,812	4,464
Loans	6,784	5,291	3,984
Credit cards	580	522	481
Loans to enterprises	31,882	25,202	19,427
Loans to public sector	4,442	3,706	2,772
Customer deposits	**63,715**	**51,394**	**39,844**
Of which:			
Current and savings accounts	45,717	38,863	30,212
Time deposits	14,456	11,231	8,231

The U.S. dollar appreciated against the euro as of December 30, 2015 compared with December 31, 2014, positively affecting the business activity of the United States operating segment as of June 30, 2015 expressed in euro.

Loans and advances to customers in this operating segment as of December 31, 2015 amounted to €60,599 million, a 22.0% increase from the €49,667 million recorded as of December 31, 2014, is due to the strategic decision to focus on more profitable operations.

Customer deposits in this operating segment as of December 31, 2015 amounted to €63,715 million, a 24.0% increase from the €51,394 million recorded as of December 31, 2014, mainly due to an increase in the balance of current and saving accounts and time deposits as a result of the campaigns designed to attract deposits.

This operating segment's non-performing assets ratio was 0.9% as of December 31, 2015 and 2014. This operating segment non-performing assets coverage ratio decreased to 151% as of December 31, 2015, from 167% as of December 31, 2014, as a result of the decrease in non-performing assets related to the Oil & Gas sector due to the decreasing oil prices.

Organisational Structure

As of December 31, 2015, the BBVA Group was made up of 373 consolidated entities and 116 entities accounted for using the equity method.

The companies are principally domiciled in the following countries: Argentina, Belgium, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Ecuador, France, Germany, Ireland, Italy, Luxembourg, Mexico, Netherlands, Netherlands Antilles, Peru, Portugal, Spain, Switzerland, United Kingdom, United States of America, Uruguay and Venezuela. In addition, BBVA Group has an active presence in Asia.

Below is a simplified organisational chart of BBVA Group's most significant subsidiaries as of December 31, 2015.

Subsidiary	Country of Incorporation	Activity	BBVA Voting Power	BBVA Ownership	Total Assets (*)
			(in percentages)		(in millions of euros)
BBVA BANCOMER, S.A. DE C.V.	Mexico	Bank	100.00	99.97	91,872
COMPASS BANK	United States	Bank	100.00	100.00	84,759
TURKIYE GARANTI BANKASI A.S	Turkey	Bank	49.90	39.90	79,236
CATALUNYA BANC, S.A.	Spain	Bank	98.95	98.95	45,283
BANCO CONTINENTAL, S.A.	Peru	Bank	92.24	46.12	21,793
BBVA SEGUROS, S.A. DE SEGUROS Y REASEGUROS	Spain	Insurance	99.95	99.95	17,279
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	Chile	Bank	68.18	68.18	17,071
BBVA COLOMBIA, S.A.	Colombia	Bank	95.47	95.47	14,681
BBVA BANCO FRANCES, S.A.	Argentina	Bank	75.95	75.95	7,614
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	Portugal	Bank	100.00	100.00	4,823

Subsidiary	Country of Incorporation	Activity	BBVA Voting Power	BBVA Ownership	Total Assets (*)
			(in percentages)		(in millions of euros)
PENSIONES BANCOMER, S.A. DE C.V.	Mexico	Insurance	100.00	100.00	4,291
BANCO DEPOSITARIO BBVA, S.A..	Spain	Bank	100.00	100.00	4,254
SEGUROS BANCOMER, S.A. DE C.V.	Mexico	Insurance	100.00	99.97	3,630
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	Uruguay	Bank	100.00	100.00	2,997

(*) Figures under local financial statements

Selected Financial Data

The historical financial information set forth below has been selected from, and should be read together with, the Consolidated Financial Statements, which are incorporated by reference herein.

Consolidated statement of income data

	Year ended December 31		
	2015	**2014**	**2013**
	(in millions of euro)		
Net interest income	16,022	14,382	13,900
Net profit	3,328	3,082	2,836
Net profit attributable to parent company	2,642	2,618	2,084

Consolidated balance sheet data

	As at December 31		
	2015	**2014**	**2013**
	(in millions of euro)		
Total assets	750,078	631,942	582,697
Loans and receivables (net)	457,644	372,375	350,945
Customers' deposits	403,069	319,060	300,490

Debt certificates and subordinated liabilities	82,274	72,191	74,676
Non-controlling interests	8,149	2,511	2,371
Total equity	55,439	51,609	44,565

Recent Developments

The Annual General Meeting of BBVA Shareholders held on 11th March 2016 approved a capital increase to be charged to voluntary reserves (the "**Capital Increase**") for the instrumentation of the shareholder remuneration system called "Dividend Option", allowing BBVA shareholders to elect to receive their remuneration in newly issued BBVA shares or, at their election, in cash. the gross purchase price at which BBVA Group will purchase rights will be around 0.13 euros per right.

From January 1, 2016 to the date of preparation of this Base Prospectus, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the BBVA Group's earnings or its equity position.

DIRECTORS AND SENIOR MANAGEMENT

BBVA is managed by a Board of Directors which, in accordance with its current by-laws (*Estatutos*), must consist of no less than 5 and no more than 15 members. All members of the Board of Directors are elected to serve three-year terms. BBVA's Board Regulations state that the Board of Directors must try to ensure that there is an ample majority of non-executive directors over the number of executive directors on the Board of Directors.

BBVA's corporate governance system is based on the distribution of functions between the Board of Directors, the Executive Committee and other specialised Board Committees, namely: the Audit and Compliance Committee; the Appointments Committee; the Remuneration Committee; and the Risk Committee. BBVA's Board of Directors is assisted in fulfilling its responsibilities by the Executive Committee (*Comisión Delegada Permanente*) of the Board of Directors. The Executive Committee will be apprised of such business of BBVA as the Board of Directors resolves to confer on it in accordance with prevailing legislation, the Company Bylaws or the Board of Directors Regulations.

Board of Directors

The Board of Directors of BBVA is currently comprised of 15 members. The business address of the Directors of BBVA is Calle Azul, 4, 28050 Madrid.

The following table sets forth the names of the members of the Board of Directors as of the date of this Information Memorandum, their date of appointment and re-election, if applicable, their current positions and their present principal outside occupation and employment history.

BBVA may, from time to time, enter into transactions in the ordinary course of its business, and on an arm's-length basis, with the Directors.

BBVA's Board of Directors Regulations include rules which are designed to prevent situations where a potential conflict of interest may arise. These Regulations provide, among other matters, that Directors with a potential conflict of interest may not participate in meetings at which those situations are being considered. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the Directors and their duties to BBVA.

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
Francisco González Rodríguez[(1)]	Group Executive Chairman	28th January, 2000	15th March, 2013	Group Executive Chairman of BBVA, since January 2000; Director of Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
Carlos Torres Vila[(1)]	Chief Executive Officer	4th May, 2015	Not applicable	Chief Executive Officer of BBVA, since 4th May, 2015. He started at BBVA on September 2008 holding senior management posts such as Head of Digital Banking from March 2014 to May 2015 and BBVA Strategy & Corporate Development Director from January 2009 to March 2014.
Tomás Alfaro Drake[(2)(3)(4)]	Independent Director	18th March, 2006	14th March, 2014	Chairman of the Appointments Committee of BBVA since 25th May, 2010. Director of Internal Development and Professor in the Finance department of Universidad Francisco de Vitoria.
José Miguel Andrés Torrecillas[(2)(5)]	Independent Director	13th March, 2015	Not applicable	Chairman of the Audit and Compliance Committee of BBVA since 4th May, 2015. Chairman of Ernst & Young Spain from 2004 to 2014, where he has been a partner since 1987 and has also held a series of senior offices, including Director of the Banking Group from 1989 to 2004 and Managing Director of the Audit and Advisory practices at Ernst & Young Italy and Portugal from 2008 to 2013.
José Antonio Fernández Rivero[(3)(5)(6)]	Independent Director	28th February, 2004	13th March, 2015	Chairman of Risk Committee since 30th March, 2004; in 2001 was appointed Group General Manager until January 2003. Has been the director representing BBVA on the Boards of Telefónica, Iberdrola, and of Banco de Crédito Local, and Chairman of Adquira.
Belén Garijo López[(2)]	Independent Director	16th March, 2012	13th March, 2015	President and CEO of Merck Serono, Member of the Executive Board and CEO of Merck Healthcare and a Member of the Board of Directors of L'Oréal. Chair of the International Executive Committee of PhRMA, ISEC (Pharmaceutical Research and Manufacturers of America) since 2011.
José Manuel González-Páramo Martínez-Murillo	Executive Director	29th May, 2013	14th March, 2014	Executive Director of BBVA since 29th May, 2013. Member of the European Central Bank (ECB) Governing Council and Executive Committee from 2004 to 2012. Chairman of European DataWarehouse GmbH since 2013. Head of BBVA's Global Economics, Regulation and Public Affairs.
Sunir Kumar Kapoor	Independent Director	11th March, 2016	Not applicable	President & CEO of UBmatrix Inc from 2005 to 2011. Prior to that he served as Deputy chairman of Strategy, Marketing & Planning

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
				from 1994 to 1996 and as Deputy chairman of Collaboration Suite from 2002 to 2004 of Oracle Corporation. Likewise, he has held various senior posts at Microsoft Corporation from 1990 to 1994. Independent consultant to various leading companies in the technology sector, such as cloud infrastructures or data analysis.
Carlos Loring Martínez de Irujo[2][4]	Independent Director	28th February, 2004	14th March, 2014	Chairman of the Remuneration Committee of BBVA since May 2010 (former Chairman of the Appointments and Remuneration Committee). Was Partner of J&A Garrigues, from 1977 until 2004.
Lourdes Máiz Carro[2]	Independent Director	14th March, 2014	Not applicable	Secretary of the Board of Directors and Director of the Legal Services at Iberia, Líneas Aéreas de España. Joined the Spanish State Counsel Corps (Cuerpo de Abogados del Estado) and from 1992 until 1993 she was Deputy to the Director in the Ministry of Public Administration. From 1993 to 2001 held various positions in the Public Administration.
José Maldonado Ramos[1][3]	External Director	28th January, 2000	13th March, 2015	Was appointed Director and General Secretary of BBVA, in January 2000. Took early retirement as Bank executive in December 2009.
José Luis Palao García-Suelto[3][5]	Independent Director	1st February, 2011	14th March, 2014	Senior Partner of the Financial Division in Spain of Arthur Andersen, from 1979 until 2002. Independent consultant from 2002 to 2010.
Juan Pi Llorens[4][5]	Independent Director	27th July, 2011	13th March, 2015	Had a professional career at IBM holding various senior posts at a national and international level including Vice President for Sales at IBM Europe, Vice President of Technology & Systems Group at IBM Europe and Vice President of the Finance Services Sector at GMU (Growth Markets Units) in China. He was executive President of IBM Spain.
Susana Rodríguez Vidarte[1][3][5]	External Director	28th May, 2002	14th March, 2014	Holds a Chair in Strategy at the Faculty of Economics and Business Sciences at Universidad de Deusto. Member of Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accountants and Auditors Institute) and Doctor in Economic and Business

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
				Sciences from Universidad de Deusto.
James Andrew Stott	Independent Director	11th March, 2016	Not applicable	Held various senior posts at the international consulting firm Oliver Wyman from 1994 to 2010. In 1991 he was appointed partner at Price Waterhouse UK. He has also been member of the Board of Directors of Barclays Spain from 2011 to 2014 and chairman of its Risk and Audit Committees. He is currently an independent consultant at Hermes Partners.

(*) Where no date is provided, the position is currently held.

(1) Member of the Executive Committee

(2) Member of the Audit and Compliance Committee

(3) Member of the Appointments Committee

(4) Member of the Remuneration Committee

(5) Member of the Risk Committee

(6) Lead Director

Major Shareholders and Share Capital

As of 14th October, 2015, Blackrock, Inc. confirmed that it held an indirect interest of 5.111 per cent. in BBVA's share capital. As at 30th November, 2015, no other person, corporation or government beneficially owned, directly or indirectly, 5 per cent. or more of BBVA's share capital. BBVA's major shareholders do not have voting rights which are different from those held by the rest of its shareholders. To the extent known to BBVA, BBVA is not controlled, directly or indirectly, by any other corporation, government or any other natural or legal person. As of 30th November, 2015, there were 931,968 registered holders of BBVA's shares, with an aggregate of 6,366,680,118 shares, of which 638 shareholders with registered addresses in the United States held a total of 1,205,668,164 shares (including shares represented by American Depositary Receipts (**ADRs**)). Since certain of such shares and ADRs are held by nominees, the foregoing figures are not representative of the number of beneficial holders.

Legal Proceedings

Several entities of the Group are party to legal actions in a number of jurisdictions (including, among others, Spain, Mexico and the United States) arising in the ordinary course of business. According to the procedural status of these proceedings and the criteria of legal counsel, BBVA considers that none of such actions is material, individually or in the aggregate, and none is expected to result in a material adverse effect on the Group's financial position, results of operations or liquidity, either individually or in the aggregate. The Group's Management believes that adequate provisions have been made in respect of such legal proceedings and considers that the possible contingencies that may arise from such ongoing lawsuits are not material and therefore do not require disclosure to the markets.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or Iberclear (together, the **Clearing Systems**) currently in effect. The Issuer and the Guarantor take responsibility for the correct extraction and reproduction of the information in this section concerning the Clearing Systems, but neither the Issuer, the Guarantor nor any relevant Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, the Guarantor nor any other party to the Agency Agreement 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 Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear, Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Iberclear

Iberclear is the Spanish central securities depositary in charge of both the register of securities held in book-entry form to be listed on a Spanish regulated market, and the clearing and settlement of all trades from the Spanish Stock Exchange, the Public Debt market, AIAF and Latin American stock exchange denominated in euros (Latibex).

Iberclear is owned by the group Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Finanacieros, S.A. a holding company which holds a 100% interest in the Spanish regulated markets, Bolsa de Madrid, Bolsa de Barcelona, Bolsa de Bilbao, Bolsa de Valencia, AIAF, Senaf, Latibex, Mercado Alternativo Bursátil and in the Spanish settlement systems Meff MeffClear and Iberclear. The clearance and settlement system of Iberclear and its members are responsible for maintaining records of purchases and sales under the book-entry system.

Iberclear maintains a registry reflecting the number of securities held by each of its member entities on its own behalf as well as the number of securities held of behalf of the third parities. Each member entity, in turn, maintains a registry of the owners of such securities.

On the relevant date for payment of interest amounts in respect of debt securities, Iberclear credits to each participant entity an amount corresponding to the balance of the securities appearing in the records of the relevant participant entity on the day prior to the relevant payment date.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Subscription and Sale and Transfer and Selling Restrictions", cross-market transfers between and directly or indirectly through Clearstream,

BOOK-ENTRY CLEARANCE SYSTEMS

Luxembourg or Euroclear accountholders will be effected by the relevant clearing system in accordance with its rules and through action taken by the relevant Registrar, the relevant Paying Agent and any custodian (Custodian) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear will need to have an agreed settlement date between the parties to such transfer.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes between Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations, and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Transfers of Book-Entry Notes

Transfers of any interests in Notes represented by Book-Entries within Iberclear or a Book-Entry Depositary will be effected in accordance with the customary rules and operating procedures of Iberclear or the relevant clearing system, in accordance with the laws of Spain

Subject to compliance with the transfer restrictions applicable to the Book-Entry Notes described under "Subscription and Sale and Transfer and Selling Restrictions", cross-market transfers between and directly or indirectly through Clearstream, Luxembourg, Euroclear or Iberclear accountholders will be effected by the relevant clearing system in accordance with its rules and through action taken by the relevant Registrar, the relevant Paying Agent and any custodian (Custodian) with whom the relevant Book-Entry Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Iberclear will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg, Euroclear or Iberclear will need to have an agreed settlement date between the parties to such transfer.

Iberclear have published rules and operating procedures designed to facilitate transfers of beneficial interests in Book-Entry Notes between Clearstream, Luxembourg, Euroclear and/or Iberclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by Clearstream, Luxembourg, Euroclear or Iberclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Book-Entry Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes.

Acquisition of the notes

The issue of, subscription for, transfer and acquisition of the Notes is exempt from Transfer and Stamp Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and Value Added Tax (Impuesto sobre el Valor Añadido).

Taxation on the income and transfer of the notes

The tax treatment of the acquisition, holding and subsequent transfer of the Notes is summarised below and is based on the tax regime applicable to the Notes pursuant to Royal Legislative Decree 5/2004 of March 5 approving the consolidated text of the Non-Resident Income Tax Law (*Impuesto sobre la Renta de los no Residentes*) , as amended by Law 26/2014 of November 27, 2014, Law 27/2014 of November 27, 2014 approving the consolidated text of the Corporate Income Tax Law (*Impuesto sobre Sociedades*) and Law 35/2006 of November 28, 2006 on Personal Tax Law (*Impuesto sobre la Renta de las Personas Físicas*), as amended by Law 26/2014 of November 27, 2014 Law 19/1991 of June 6, 1991 approving the Wealth Tax Law (*Impuesto sobre el Patrimonio*), and Law 29/1987 of December 18, 1987 approving the Inheritance and Gift Tax Law. Consideration has also been given to the rules for the implementation of such regulations (Royal Decree 1776/2004 of 30 July approving the Non-Resident Income Tax Regulations, Royal Decree 439/2007 of 30 March, approving the Individuals Income Tax Regulations as amended by Royal Decree 1003/2014 of December 5, 2014 and Royal Decree 634/2015 of July 10, 2004 approving the Corporate Income Tax Regulations).

Consideration has also been given to Spanish legislation on the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary (Law 10/2014, and RD 1065/2007(as amended by RD 1145/2011), approving the General Regulations relating to tax inspection and management procedures and developing the common rules of the procedures to apply taxes).

Income obtained by Noteholders who are Non-Resident Income Tax payers in Spain in respect of the Notes

Income obtained by Noteholders who are Non-Resident Income Tax payers, both in respect of interest and in connection with the transfer, repayment or redemption of the Notes, whether or not through a permanent establishment, shall be considered Spanish source income and therefore subject to taxation in Spain under Legislative Royal Decree 5/2004 of 5 March approving the Consolidated Non-Resident Income Tax Law, amended by Law 26/2014 of November 28, 2014, without prejudice to the provisions contained in any applicable tax treaty for the avoidance of double taxation ("**DTT**").

Income not obtained through a permanent establishment in Spain in respect of the Notes

Income obtained by Noteholders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from Non-Resident Income Tax in the terms described under "*Tax reporting obligations of the Issuer and the Guarantor*" below.

Income obtained through a permanent establishment in Spain in respect of the Notes / Corporate Income Tax taxpayers.

The holding of Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

Income obtained by non-Spanish resident holders acting through a permanent establishment in Spain in respect of the Notes will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax Law. These Noteholders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, it shall be computed as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed at the current rate of 25% from 1st of January 2016.

TAXATION

Income derived from the transfer and holding of the Notes shall not be subject to withholding tax as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes satisfy the requirements laid down by the reply to the Directorate General for Taxation's *(Dirección General de Tributos*) consultation, on 27th July, 2004, indicating that in the case of issuances made by entities with tax residency in Spain, (as in the case of the Issuer), application of the exemption requires that the Notes be placed outside Spain in another OECD country and traded on organised markets in OECD countries. Notes issued under the Programme and traded in an OECD country different from Spain are expected to satisfy these requirements.

For withholding on income derived from payment of interest, redemption or repayment of the Notes see "Taxation - Tax Reporting Obligations of the Issuer and the Guarantor".

In accordance with Section 61 (q) of the Corporate Income Tax Regulations, there is no obligation to withhold on the income derived from the transfer and holding of the Notes obtained by Spanish Corporate Income Tax taxpayers from financial assets represented in book entries form and traded in a Spanish official secondary market.

Individuals with tax residency in Spain

Income obtained by Noteholders who are Personal Income Tax payers, both as interest and in connection with the transfer, redemption or repayment of the Notes, shall be considered income on investments obtained from the assignment of an individual's capital to third parties, as defined in Section 25.2 of Individuals Income Tax Law and therefore will be taxed as savings income at the applicable rate currently varying from 19 per cent to 23 per cent , from 1st of January 2016.

The above mentioned income will be subject to the corresponding personal income tax withholding at the applicable tax rate (currently 19 per cent from 1st of January 2016). Article 44 of the RD 1065/2007 has established new information procedures for debt instruments issued under the Law 10/2014 (which do not require identification of the Noteholders) and has provided that the interest will be paid by the relevant Issuer to the Paying Agent for the whole amount, provided that such information procedures are complied with.

Nevertheless, withholding tax at the applicable rate (currently 19 per cent. from 1st of January 2016) may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

The Issuers and the Guarantor consider that, according to RD 1145/2011, they are not obliged to withhold any tax amount provided that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Paying Agent as it is described in section "*Tax Reporting Obligations of the Issuer and the Guarantor*".

However, regarding the interpretation of the "Tax Reporting Obligations of the Issuer and the Guarantor" please refer to "Risk Factors – Spanish Tax Rules".

Notes registered in Spain in book entry form and traded in a Spanish secondary market

There is no obligation to withhold tax on the income derived from the transfer or reimbursement of the Notes as provided by Section 75 (e) of the Personal Income Tax Regulations, to the extent that the Notes are represented by book entries and are traded on a Spanish regulated market, except for the part of the price which is equivalent to the accrued interest on any transfers which are made within the thirty days inmediatly prior to the maturity of the coupon, when the acquirer is an individual or entity not resident in Spain or is a taxable person for Corporate Income Tax purposes and this express income is exempt from the obligation to withhold in relation to the acquirer.

Wealth Tax

Individuals with tax residency in Spain are subject to Wealth Tax on tax year 2016 to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December 2016.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2% per cent. and 2.5% per cent., without prejudice of any exemption that should be applicable and the laws and regulations in force in each Autonomous Region.

TAXATION

As a consequence of the European Court of Justice Judgment (Case C-127/12), the Wealth Tax Law has been amended by Law 26/2014. As a result, non-Spanish tax resident individuals who are residents in the EU or in the European Economic Area can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

Legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

The transfer of the Notes to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones) in accordance with the applicable Spanish and State rules even if title passes outside Spain and neither the heir nor the beneficiary, as the case may be, is resident in Spain for tax purposes, without prejudice to the provisions of any DTT signed by Spain.

The effective tax rates, after applying all relevant factors, range between 0 per cent and 81.6 per cent.

However, the Judgment from the European Court of Justice dated September 3, 2014 has declared that Spanish Inheritance and Gift Tax Law is against the principle of free movement of capital within the EU as the Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non residents. According to Law 26/2014, it will be possible to apply tax benefits approved in some Spanish regions to EU residents following specific rules.

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to Corporate Income Tax or Non-Resident Income Tax, as the case may be, and without prejudice, in the latter event, to the provisions of any DTT that may apply.

Tax rules for payments made by the Guarantor

Payments which may be made by the Guarantor to Noteholders, if the Guarantee is enforced, will be subject to the same tax rules previously set out for payments made by the Issuer.

Tax Reporting Obligations of the Issuer and the Guarantor

RD 1145/2011 modified, among other provisions, article 44 of RD 1065/2007, which sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The new procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

Notes originally registered with the entities that manage clearing systems located in Spain

According to the wording of article 44.4 of RD 1065/2007, income derived from securities originally registered with a clearing system located in Spain, will be paid free of Spanish withholding tax in respect to non-Spanish-resident holders (acting or not through a permanent establishment in the Kingdom of Spain) or to legal entities that are resident in the Kingdom of Spain for tax purposes and are subject to Corporate Income Tax, provided that the entities which hold values registered on its third parties accounts or, if applicable, the entities that manage clearing systems located outside Spain which have entered into an agreement with such clearing system located in Spain, submit a statement to the Issuer in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" below) with the following information:

(i) identification of the securities;

(ii) total amount of income;

(iii) amount of income received by individual with tax residency in Spain which are subject to Personal Income Tax; and

(iv) amount of income received that will be paid free of Spanish withholding tax.

Notes originally registered with the entities that manage clearing systems located outside Spain.

According to the literal wording of article 44.5 of RD 1065/2007, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, that are recognised by Spanish law or by the law of another OECD country (such as Euroclear or Clearstream), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the Issuer submits a statement to the issuer, in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" below), with the following information:

(v) identification of the securities; and

(vi) total amount of the income corresponding to each clearing house located outside Spain.

Common References

For these purposes, "income" means interest and the difference, if any, between the aggregate redemption price paid upon the redemption of the Notes and the issue price of the Notes.

In accordance with Section 44 of RD 1065/2007, the statements mentioned above must be provided to the relevant Issuer on the business day immediately prior to each interest payment date. In the event that on the date, the entities obliged to provide the declaration fail to do so, the relevant Issuer or the Paying Agent on its behalf will make a withholding at the general rate (currently 19 per cent from 1st of January 2016) on the total amount of the return on the relevant Notes otherwise payable to such entity.

As at the date of this Base Prospectus, the Guarantor has entered into an agreement with a Tax Certification Agent in order to establish a procedure for the disclosure of information regarding Noteholders who are resident in Spain for tax purposes. Such information will be provided, if necessary, to the Spanish Tax Authorities by the Guarantor.Regarding the interpretation of Article 44 RD 1065/2007 and the new simplified information procedures please refer to "*Risk Factors - Spanish tax rules*".

Please note that this is for general information purposes only and is not intended to be nor shall it be deemed to be, or constitute legal advice.

Set out below is Annex Section in English which has been translated from the original Spanish. Such translation constitutes direct, accurate and complete translation of the Spanish language text. In the event of any discrepancy between the Spanish language version of the Annex and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant Annex only.

ANEXO SUPLEMENTARIO

SUPPLEMENTARY ANNEX

Anexo al Reglamento al General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Annex to the General Regulations of the actions and procedures of tax administration and inspection and development of common rules of procedures for application of taxes, approved by Royal Decree 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

Declaration form referred to in paragraphs 3, 4, and 5 of Article 44 of the General Regulations of the actions and procedures of tax administration and inspection and development of common rules of procedures for application of taxes

Don (nombre),

Mr (name),

con número de identificación fiscal (1)

with tax identification number (1)

en nombre y representación de (entidad declarante),

in the name and on behalf of (the reporting entity),

con número de identificación fiscal (1)

TAXATION

with tax identification number (1)

y domicilio en

and domicile

en calidad de (marcar la letra que proceda):

acting as (check the appropriate letter):

(a)Entidad Gestora del Mercado de Deuda Pública en Anotaciones.

(a) Public Debt Market Participant.

(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.

(b) Clearing System outside of Spain.

(c)Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.

(c) Other entities that hold securities on behalf of third parties in the clearing system domiciled in Spain.

(d) Agente de pagos designado por el emisor.

(d) Paying agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

The following statement is made according to what is on your own records:

1. En relación con los apartados 3 y 4 del artículo 44:

1. In relation to paragraphs 3 and 4 of Article 44:

1.1 Identificación de los valores

1.1 Identification of the securities

1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

1.2 Date of payment of the income

(or refund if securities issued at a discount or segregated):

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)

1.3 Amount of total income (or total amount to be reimbursed, if any, are securities issued at a discount or segregated):

TAXATION

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora

1.4 Amount of income corresponding to taxpayers of Natural Person Income Tax, except segregated coupons and segregated principal in which repayment involves a Clearing System Direct Participant.

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).

1.5 Amount of income which, in accordance with paragraph 2 of Article 44, must be paid in full amount (or total amount to be reimbursed if they are securities issued at a discount or segregated).

2. En relación con el apartado 5 del artículo 44.

2. In connection with paragraph 5 of Article 44.

2.1 Identificación de los valores

2.1 Identification of securities

2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

2.2 Date of payment of income (or refund if the securities are issued at a discount or segregated)

August 16, 2011

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados)

2.3 Total income (or total amount to repay if securities issued at a discount or segregated)

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.

2.4 Total amount of income corresponding to the clearing system located outside of Spain A.

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.

2.5 Total amount of income corresponding to the clearing system located outside of Spain B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Total amount of income corresponding to the clearing system located outside of Spain C.

Lo que declaro en .....….a …. de .....…de ….

I stated this in …….on .. of ……of ……

TAXATION

(1) En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia.

(1) In case of individuals, or entities, non-residents without permanent establishment shall include the identification number or code as appropriate in accordance with their country of residence.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

The European Commission has published a proposal for a Directive for a common Financial Transaction Tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. 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 the Notes are advised to seek their own professional advice in relation to the FTT.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), EU Member States are required, to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State.

However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures. In the case of Switzerland, if an interest payment on a Note is made by a Swiss paying agent to an individual resident or residual in an EU Member State the paying agent must withheld the tax at a rate of 35 per cent., with the option of the individual to have the paying agent and/or Switzerland provide to the tax authorities of the EU Member State the details of the interest payments in lieu of the withholding. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payments and certain other conditions are met.

On 10 November 2015, the Council of the EU adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

AUTOMATIC EXCHANGE OF TAX INFORMATION BETWEEN STATES

On 17th November 2015, the Spanish Government published Royal Decree 1021/2015, of 13 November, (the "**Royal Decree**") which establishes the obligation on financial institutions to identify the tax residence of persons holding or

controlling certain financial accounts and to report them to the Spanish tax authorities within the context of mutual assistance.

The Royal Decree implements into Spanish domestic legislation the rules on the information to be reported to the tax authorities in respect of financial accounts and due diligence procedures that must be applied by affected financial institutions when obtaining such information per EC Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by EC Council Directive 2014/107/EU) as regards mandatory automatic exchange of information in the field of taxation and the provisions of article 29 bis and additional provision twenty-two of Spanish General Taxation Law.

The Royal Decree is set to enter into force on 1 January 2016 and Spanish financial institutions must therefore report the relevant information relating to 2016 to the Spanish tax authorities in 2017.

Based on the Royal Decree, BBVA may be compeled to provide the Spanish tax authorities with certain information in respect of certain categories of financial accounts held or controlled by some investors in the Notes.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime is in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1st January, 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the grandfathering date, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into an IGA based largely on the Model 1 IGA with each of the Netherlands and Spain.

If the Issuer is treated as a Reporting FI pursuant to any applicable IGA, the Issuer would not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that the Issuer would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any

alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

If an amount in respect of FATCA Withholding were to be deducted or withheld from payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less than expected. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the IGAs between the United States and the Netherlands and Spain, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail for a limited period after the Issue Date. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Under UK laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Final Terms (or persons acting on its behalf) and may only continue for a limited period following the Issue Date (or, if the ending day would be earlier, 60 days after the date of allotment) of the relevant Tranche of Notes.

Selling Restrictions

United States

Neither the Notes nor the Guarantee have been or will be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder.

The relevant Dealer has represented and agreed 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. Each relevant Dealer has further agreed 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.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the relevant Dealer has represented and agreed 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 Base Prospectus 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 Notes to the public, in that Relevant Member State:

(a) 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 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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) at any time in any other circumstance 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.

The Netherlands

The Notes will only be offered in The Netherlands to Qualified Investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Savings Certificates Act

In addition and without prejudice to the relevant restrictions set out above, Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever ("**Zero Coupon Notes**") in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or an admitted institution (*toegelaten instelling*) of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Savings Certificates Act (*Wet inzake spaarbewijzen*) as amended from time to time. No such mediation is required in respect of:

(a) the transfer and acceptance of Zero Coupon Notes whilst in the form of rights representing an interest in a Zero Coupon Instrument in global form;

(b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof;

(c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession; or

(d) the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2nd March, 1987 attached to the Royal Decree of 11th March, 1987 as published in the Official Gazette 1987, 129, as amended from time to time, each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes.

Spain

Each relevant Dealer has represented and agreed that:

(a) it has not offered and sold, and will not offer and sell, any Notes, in Spain, unless (i) it is authorised to provide investment services in Spain under Royal Legislative Decree 4/2015, of 23 October, that enacted the consolidated restated text of the Securities Market Law 24/1988 of July 28 (*Real Decreto Legislativo 4/2015, de 23 octubre, que aprobó el texto refundido de la Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended (the **Securities**

Market Law) and the Royal Decree on Investment Services Companies 217/2008, of February 15 (*Real Decreto 217/2008, de 15 de febrero, sobre el regimen jurídico de las empresas de servicios de inversióny de las demás entidades que prestan servicios de inversion y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Institutos de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*) (**Royal Decree 217/2008**), and (ii) it has complied with, and will comply with, all applicable provisions of the Securities Market Law and any other applicable legislation in relation to any offer or sale of the Notes in Spain; and

(b) it has not offered, and will not offer, Notes to investors located in Spain unless (i) the Notes are represented in book-entry form, and (ii) have been admitted, or will be admitted to trading on a Spanish Official Secondary Market (*Mercado Secundario Oficial*) (as defined in the Securities Market Law).

United Kingdom

The relevant Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 Financial Services and Markets Act 2000 (the "*FSMA*") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or 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 of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not if it was not an authorised person, apply to the Issuer or the Guarantor; and

(c) it has complied with 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.

Republic of 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:

(i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) 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 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 (i) or (ii) above must be:

(a) 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 October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the **Banking Act**); and

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of the securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on solicitation of investments applies under (i) and (ii) 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 financial instruments for any damages suffered by the investors.

France

Each relevant Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (investisseurs qualifiés), other than individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the *Code monétaire et financier*. This Base Prospectus, prepared in connection with the Notes, has not been submitted to the clearance procedures of the *Autorité des marches financiers*.

Portugal

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus has not been and will not be registered or filed or approved by the Portuguese Securities Exchange Commission (*Commissão do Mercado de Valores Mobiliáros*, "**CMVM**") nor has a prospectus recognition procedure been commenced with the CMVM. The Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the *Código dos Valores Mobiliários* (the "**Portuguese Securities Code**")enacted by Decree Law no. 486/99 of 13th November 1999 (as amended and restated from time to time) unless the requirements and provisions applicable to the public offering in Portugal are met and the above mentioned registration, filing, approval or recognition procedure is made in relation to the Notes. In addition, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions or sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver in circumstances which could qualify as a public offer pursuant to the *Código dos Valores Mobiliários* (the "Portuguese Securities Code") and in circumstances which could qualify the issue of the Notes as an issue in the Portuguese market otherwise than in accordance with all applicable laws and regulations and, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute any document, circular, advertisements or any offering material except in accordance with all applicable laws and regulations all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes only (*offerta particular*); (iii) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable CMVM Regulations, determinations and/or opinions and all relevant Portuguese securities laws and regulations, and in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

General

The Base Prospectus has been prepared on the basis that Notes may be directed to any category of potential investors unless specified otherwise in the applicable Final Terms. Each relevant Dealer has agreed 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 neither the Issuer, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Neither the Issuer, the Guarantor, nor the relevant Dealer represents 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 such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

CONSENT

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Non-exempt Offer of such Notes, the Issuer and the Guarantor each accept responsibility, in the jurisdictions to which the consent to use this Base Prospectus extends, for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person who acquires any Notes (an "**Investor**") in a Non-exempt Offer made by any person to whom the Issuer has given consent to the use of this Base Prospectus (an "**Authorised Offeror**") in that connection, provided that the conditions attached to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under "Consent" below.

None of the Issuer, the Guarantor or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or the Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, none of the Issuer, the Guarantor and the Dealer has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Guarantor and the Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes, and subject to the conditions set out below under "Conditions to Consent", the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes during the relevant Offer Period stated in the Final Terms by the relevant Dealer and by:

(i) any financial intermediary named as an "Initial Authorised Offeror" in the Final Terms; and

(ii) any financial intermediary appointed after the date of the Final Terms and whose name is published on the Guarantor's website (www.bbva.com) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer.

Conditions to Consent

The conditions to the Issuer's consent to use this Base Prospectus in the context of the relevant Offer are that such consent:

(i) is only valid during the Offer Period specified in Final Terms;

(ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Spain, as specified in the Final Terms; and

(iii) is subject to any other conditions set out in Part B of the Final Terms.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be the Spain, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in the Spain, as specified in the Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

GENERAL INFORMATION

1. Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolutions of the sole shareholder of the Issuer and of the Directors of the Issuer on 29 March 2016.

The giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 24 February 2016.

2. Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. At the date of filing of this Base Prospectus the Issuer has Notes listed on the following Regulated Markets: the Official List of the London Stock Exchange and A.I.A.F., Mercado de Renta Fija, S.A

3. Documents Available

For the period of 12 months following the date of this Base Prospectus, and without prejudice of the obligation of the Issuer and the Guarantor to maintain copies of the Guarantee, Deed of Covenant and Agency Agreement available for inspection pursuant to the Terms and Conditions of the Notes, copies of the following documents will (when published, in the case of (d) and (g) below) be available from the registered office of the Issuer or the Guarantor:

(a) the deed of incorporation including the articles of association of the Issuer and the bylaws (with an English translation thereof) of the Issuer and the Guarantor;;

(b) The audited annual financial statements of the Issuer for the financial years ended December 31, 2013 and December 31, 2014

(c) The audited consolidated annual financial statements of the Guarantor for the financial years ended December 31, 2015 and December 31, 2014 in Spanish prepared in accordance with EU-IFRS filed with the CNMV. These financial statements, together with their English translations, are available on the Guarantor´s website www.bbva.com;

(d) The Registration Document (Documento de Registro) filed by the Guarantor before the CNMV on 9 July 2015;

(e) a copy of this Base Prospectus;

(f) the Agency Agreement, the Deed of Guarantee and the Deed of Covenant

(g) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (save that a Final Terms relating to a Note which 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 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

(h) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

4. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. The address of Euroclear is 1 Boulevard du Roi

Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg Iberclear

The Book Entry Notes to be listed into a Spanish regulated market will be accepted for clearance through Iberclear. The appropriate ISIN for each Tranche of Notes allocated by Iberclear will be specified in the applicable Final Terms.

The address of Iberclear is Plaza de la Lealtad, nº 1, 28014 Madrid, Spain.

Additional or alternative clearing systems

If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

5. 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.

6. Significant or Material Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2014 or the Group since 31 December 2015.

There has been no significant change in the financial position of the Group since 31st December , 2015 and there has been no significant change in the financial or trading position of the Issuer since 30 June, 2015.

7. 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 or the guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of any of the issuer, the guarantor or the Group.

8. Auditors

The auditors of the Issuer are Deloitte Accountants B.V. Gustav Mahlerlaan 2970 LA Amsterdam Amsterdam, Netherlands. The auditors of the Issuer are Chartered Accountants and members of the Netherlands Institute for Chartered Accountants (Nederlands Instituut voor Registereaccountants),, which have audited the Issuer's accounts without qualification which have been prepared in accordance with generally accepted accounting principles and practices in the Netherlands for the financial year ended December 31, 2012 and December 31, 2013.

The auditors of the Guarantor are Deloitte, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), which have audited the Guarantor's accounts, for each of the two financial years ended 31st December, 2012 and 31st December, 2013 which have been prepared in accordance with The International Financial Reporting Standards adopted by the European Union (**EU-IFRS**) required to be applied under the Bank of Spain's Circular 4/2004.

9. Dealers transacting with the Issuers and the Guarantor

It is possible that the relevant Dealer appointed in relation to the Notes and their affiliates has engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their affiliates in the ordinary course of business.

GENERAL INFORMATION

10. Credit Ratings

The Programme is rated BBB+ by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Baa1 by Moody's Investors Services España, S.A. ("**Moody's**"). The Guarantor has been rated BBB+ by S&P, Baa1 by Moody's and A- by Fitch Ratings España, S.A.U. ("**Fitch**"). The Issuer has been rated BBB+ by S&P. Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SIGNATORIES

In witness to their knowledge and approval of the contents of this Base Prospectus of BBVA Global Markets B.V. it is hereby signed by representative of BBVA Global Markets B.V. (as Issuer) and by the representative of Banco Bilbao Vizcaya Argentaria, S.A. (as Guarantor)

Christian Højbjerre Mortensen (authorised signatory)

For and on behalf of BBVA Global Markets B.V.

Maria de los Ángeles Coscarón Tomé (authorised signatory)

For and on behalf of Banco Bilbao Vizcaya Argentaria, S.A.

ISSUER

BBVA Global Markets B.V.

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GUARANTOR

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48005 Bilbao
Spain

ARRANGER

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Calle Sauceda 28
28050 Madrid
Spain

DEALER

Banco Bilbao Vizcaya Argentaria, S.A.

Calle Sauceda 28
28050 Madrid
Spain

PRINCIPAL PAYING AGENT, REGISTRAR AND SPANISH PAYING AGENT

Banco Bilbao Vizcaya Argentaria, S.A.

Calle Sauceda 28
28050 Madrid
Spain