

Base Prospectus dated 18 June 2025



NATIONAL BANK OF CANADA

(A bank governed by the Bank Act (Canada))

acting through its
Montréal Branch

as Issuer

**European Issuance and Offering Programme
for the issuance of Structured Securities
(the "Programme")**

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GENERAL DESCRIPTION OF THIS BASE PROSPECTUS AND THE PROGRAMME

The following description constitutes a general description of the Base Prospectus and the Programme for the purposes of the Article 25 of Commission Delegated Regulation (EU) 2019/980 (as amended) and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Securities, the applicable Issue Terms.

1. What is this document?

This document (the "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8(1) of the EU Prospectus Regulation in respect of structured securities issued under the Programme (the "**Securities**"), other than Exempt Securities (each as defined below). This Base Prospectus is valid for twelve (12) months after its approval and will expire on 18 June 2026.

This Base Prospectus may be supplemented from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included or incorporated by reference in it. The obligation to supplement a base prospectus in the event of any significant new factor, material mistake or material inaccuracy relating to the information included or incorporated by reference in it does not apply when such base prospectus is no longer valid. Each supplement will be available for viewing on the website of the Luxembourg Stock Exchange at www.luxse.com.

When used in this document, "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended. References in this Base Prospectus to "**Exempt Securities**" are to securities for which no prospectus is required to be published in the European Economic Area ("**EEA**") under the EU Prospectus Regulation (or in respect of which a separate prospectus will be published under the EU Prospectus Regulation).

This Base Prospectus constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019 in respect of Exempt Securities and admission particulars (the "**Admission Particulars**"). for the purposes of the ISM Rulebook of the London Stock Exchange (as amended from time to time) (the "**ISM Rulebook**").

2. Approval of the Base Prospectus

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the competent authority for the purpose of the EU Prospectus Regulation, for the purpose of giving information with regard to the issue of Securities (excluding Exempt Securities) by National Bank of Canada (the "**Issuer**" or the "**Bank**"), acting through its Montréal Branch, under the Programme during the period of twelve (12) months from the date of this Base Prospectus. The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency of the information given in the Base Prospectus, but not concerning the accuracy of that information, imposed by the EU Prospectus Regulation. Pursuant to article 6(4) of the Luxembourg Law dated 16 July 2019 on prospectuses for securities (the "**Luxembourg Prospectus Law**"), by approving this Base Prospectus, the CSSF gives no undertaking as to, and assumes no responsibility for, the economic and financial characteristics of the Securities to be issued hereunder or the quality and solvency of the Issuer. Such approval should not be considered as an endorsement of the Issuer or the quality of the Securities that are the subject of this Base Prospectus. Prospective investors considering a purchase of the Securities ("**Investors**") should make their own assessment as to the suitability of investing in the Securities.

The CSSF has neither approved nor reviewed the Form of Pricing Supplement or the information contained therein.

This Base Prospectus has also been approved by the Luxembourg Stock Exchange for the purpose of giving information with regard to the issue of Exempt Securities only by the Issuer under the Programme during the period of twelve (12) months from the date of this Base Prospectus and for these securities to be admitted to trading on the Euro MTF market.

Application has also been made for Securities to be admitted to trading on the International Securities Market of the London Stock Exchange plc (the "**ISM**"). The ISM is not a regulated market for the purposes of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("**EUWA**") ("**UK MiFIR**"). **The ISM is a market designated for professional investors. Exempt Securities which are designated in the relevant Pricing Supplement as being admitted to trading on the ISM (the "ISM Securities") are not admitted to listing on the official list of the Financial Conduct Authority (the "FCA"). The CSSF and the London Stock Exchange plc (the "London Stock Exchange") have neither approved nor verified the contents of the Admission Particulars.**

The CSSF and the FCA have neither approved nor reviewed any information in relation to the Exempt Securities, including ISM Securities. For the purposes of any ISM Securities issued under the Programme, this document does not constitute a prospectus within the meaning of the EU Prospectus Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and will constitute Admission Particulars.

In addition, the Issuer may decide to register this Base Prospectus in Switzerland with the reviewing body SIX Exchange Regulation AG or another reviewing body approved by the Swiss Financial Market Supervisory Authority FINMA, as a foreign prospectus that is also deemed to be approved in Switzerland pursuant to Article 54 paragraph 2 of the Swiss Federal Act on Financial Services ("**Financial Services Act**" – "**FinSA**") together with the Ordinance on Financial Services ("**Financial Services Ordinance**", "**FinSO**") for inclusion on the list of approved prospectus pursuant to Article 64 para. 5 FinSA, deposited with this reviewing body and published pursuant to Article 64 FinSA.

3. The Programme

The Issuer has established the Programme.

One or more dealers (each a "**Dealer**") may be appointed under the Programme for a specified issue or on an ongoing basis.

The Issuer has appointed the following agents under the Programme:

Paying Agent:	Citibank Europe plc, as fiscal, issuing, transfer and paying agent (unless otherwise specified in the relevant Issue Terms)
Registrar:	Citibank Europe plc will also act as registrar in connection with Registered Securities issued under the Programme
Calculation Agent:	National Bank of Canada, as calculation agent (unless otherwise specified in the relevant Issue Terms).
Listing Agent:	Banque Internationale à Luxembourg, société anonyme, as listing agent for the regulated market in Luxembourg or such other listing agent specified in the relevant Issue Terms

4. Who is the Issuer and where do I find information about it?

The Securities will be issued by the National Bank of Canada, acting through its Montréal Branch. The payment of any amount or delivery of any underlying(s) under the Securities is subject to the financial position of the Issuer and the ability of the Issuer to meet its obligations at the relevant time.

National Bank of Canada is a bank governed by the Bank Act (Canada). The Issuer's legal entity identifier (LEI) is BSGEFEIOM18Y80CKCV46.

The section of this Base Prospectus entitled "National Bank of Canada", together with other information provided in this Base Prospectus and information incorporated by reference herein, provides a description of the business activities of the Issuer as well as certain financial information. The section of this Base Prospectus entitled "Risk Factors—Risk factors associated with the Issuer" describes the material risks that the Issuer faces.

5. What type of Securities may be issued under this Base Prospectus?

The Issuer may from time to time issue securities in the form of Securities as part of the Programme under this Base Prospectus. Securities may:

- (a) have a fixed term with any maturity,
- (b) be non-interest bearing or bear fixed or floating rate interest or other variable interest,
- (c) provide for conditional or unconditional coupon payments, including fixed coupon amounts or coupon amounts which are dependent on the performance of one or more underlyings (as described below),
- (d) have redemption amounts which are dependent on the performance of one or more underlying(s) (as described below) or determined redemption amounts,
- (e) be settled by way of cash payment in the specified currency or by way of physical delivery of a certain number of deliverable units of one or more underlyings,
- (f) provide for an option to allow early redemption at the discretion of the Issuer and/or the holders of Securities prior to scheduled maturity,
- (g) may be subject to automatic early redemption dependent on the performance of the underlying(s),
- (h) may be credit linked to one or more reference entities in respect of the obligations of the Issuer to pay interest and/or principal in respect of the Securities, and
- (i) provide that the scheduled amount payable could be as low as zero or else provide some level of minimum scheduled amount payable at maturity (subject to the credit risk of the Issuer).

The aggregate notional amount of Securities which can be issued under the Programme is unlimited.

The Securities differ in the way they function and can be issued in the following product types (each a "**Product Type**"). The following two Product Types are described in this document:

- (i) *Structured Securities*
- (ii) *Credit Linked Notes*

These Product Types are the main categories of Securities described in this Base Prospectus and comprise of several options and features (each a "**Feature**").

Structured Securities are linked to one or more Underlyings pursuant to one of the underlying features (single Underlying, a weighted basket of Underlyings, the worst performing Underlying out of several Underlyings, dividend yield of the Underlyings or the relative performance of the Underlyings compared to a benchmark ("Alpha") (each an "**Underlying Feature**") and comprise of a certain redemption feature (each a "**Redemption Feature**") which is linked to a certain downside feature (each a "**Downside Feature**"). Structured Securities may also be combined with additional Features,

for example relating to coupon payments or certain call, put and automatic early redemption options. Structured Securities may also comprise the payment of floating or variable coupons linked to one or more Interest Benchmarks as reference rates (any Interest Benchmark that is used for such purposes, either directly or as part of a calculation formula, is also generally referred to herein as a "**Reference Rate**"). Structured Securities may be settled by way of cash payments in the specified currency (the amount of each such payment a "**Cash Redemption Amount**") or by delivery of a certain number of deliverable units (each a "**Physical Delivery Amount**", and collectively with the Cash Redemption Amount referred to in this Base Prospectus as the "**Redemption Amount**") of one or more deliverable Underlyings, which shall not be equity securities issued by the Issuer (the "**Deliverable Underlyings**") and a cash amount (if any) to compensate for any residual fractional interests not encompassed by the Physical Delivery Amount ("**Residual Cash Amount**"). Structured Securities may also be combined with additional Features, for example relating to certain call, put and automatic early redemption structures. Structured Securities may be redeemed at an amount equal or at least to or less than 100 per cent. of the notional amount of the Security (the "**Notional Amount**") and in extreme scenarios even at an amount equal to zero (0).

Credit Linked Notes are linked to the credit of a specified reference entity or multiple reference entities (each a "**Reference Entity**") which may include corporations, financial institutions and sovereigns. Each relevant Reference Entity will be named in the Issue Terms together with information about its country of incorporation and industry in which it operates. For offers to the public or the listing of the Securities on a regulated market, the Issuer will only select Reference Entities that have securities admitted to trading on a regulated market, equivalent third country market or SME growth market. Their scheduled payments are subject to the condition of the non-occurrence of certain credit events defined and specified in respect of the relevant Reference Entity or Reference Entities. Upon the occurrence of a relevant Credit Event in respect of the relevant Reference Entity or Reference Entities, Credit Linked Notes may be settled by way of payments of Cash Redemption Amounts or by delivery of certain deliverable obligations, which shall not be equity securities (each a "**Physical Settlement Amount**", and collectively with the Physical Delivery Amount referred to in this Base Prospectus as the "**Physical Redemption Amount**"). Hybrid Securities are Credit Linked Notes that include specific Features of Structured Securities in accordance with the related elections made in the Issue Terms.

Each Product Type and its Features and options are described in section "INFORMATION ON THE SECURITIES" on pages 98 et seq.

Depending on the structure of the Securities, the Securities may expire worthless or, under certain circumstances, have a redemption value of zero and any payout amounts scheduled to be paid (or other benefits to be received) thereunder may not be paid or fulfilled. For certain Securities, a total loss of the invested capital is possible.

The Securities to be issued under this Programme constitute direct, unsubordinated and unsecured obligations of the Bank ranking *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Bank.

The Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (the "CDIC Act").

Securities will be specified as Bail-inable Securities (as defined herein) if such Securities:

- (i) have an original or amended term to maturity (including explicit or embedded options) greater than 400 days;
- (ii) have been assigned a CUSIP or ISIN or similar identification number; and
- (ii) are not otherwise excluded.

Securities that constitute structured securities (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime (as defined in the Conditions) will not be identified as

Bail-inable Securities in the applicable Issue Terms. A structured security, with certain exceptions, is a debt obligation that (a) specifies that the obligation's stated term to maturity or a payment to be made by the Bank, is determined in whole or in part by reference to an index or reference point (such as the value of an asset or market price of a security) or (b) contains any other type of embedded derivative or similar feature, as defined in the Bank Recapitalization (Bail-in) Conversion Regulations (SOR/2018-57). Securities that are Bail-inable Securities may be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under the CDIC Act and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada. See "Risk Factors—Risks associated with Bail-inable Securities" for a discussion of risks related to investments in such Securities.

6. What type of underlying(s) may determine the interest and/or redemption amount payable (or underlying(s) deliverable) under the Structured Securities?

The coupon and redemption terms of Structured Securities issued under this Base Prospectus may be linked to the performance of one or more of the following types of underlying(s) (the "**Underlying(s)**"): share, index, funds (including fund indices), exchange traded funds, foreign exchange rates, commodities or commodity indices, inflation indices, futures contracts, certain interest benchmarks or a basket containing some or all of such types of assets.

Investors in Structured Securities will have no rights of ownership in the Underlying(s) in respect of such Structured Security, except for Structured Securities that provide for a physical delivery of the Physical Delivery Amount specified in the Issue Terms, upon fulfilment of the applicable conditions for such physical delivery in the Issue Terms.

7. How do I use this Base Prospectus?

This Base Prospectus and the supplements thereto (including any information incorporated by reference in this Base Prospectus) contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Issuer and the rights attaching to the Securities. Some of this information is incorporated by reference from other publicly available documents and some of this information is completed in the Issue Terms (as described below). Investors should read each of these documents, before making any decision to invest in a Security.

8. What are Issue Terms?

The "**Issue Terms**" will be prepared in relation to each issuance of Securities and are either

- (a) if the Securities are not Exempt Securities, the applicable Final Terms, or
- (b) if the Securities are Exempt Securities, the applicable Pricing Supplement,

as further described in the following sections.

9. What are Final Terms?

The "**Final Terms**" will be prepared in relation to each issuance of Securities (other than Exempt Securities), and sets out the specific details of the Securities. For example, the Final Terms will contain the issue date (the "**Issue Date**"), the redemption date, the Underlying(s) to which the Securities may be linked (and the related Underlying Specific Conditions which apply to the Securities) and specify the applicable Payout Conditions used to calculate the redemption amounts and any interest payments (if applicable) of the Securities.

In addition, an issue-specific summary will be annexed to the Final Terms for each issuance of the Securities (other than Exempt Securities) where required under the EU Prospectus Regulation. Each issue-specific summary will contain a summary of key information relating to the Issuer, the Securities, the risks relating to the Issuer and the Securities, and the offer of the Securities.

10. What is a Pricing Supplement?

A "**Pricing Supplement**" will be prepared in relation to each issuance of Exempt Securities, and sets out the specific details of the Exempt Securities. For example, the Pricing Supplement will contain the issue date, the redemption date, the Underlying(s) to which the Securities may be linked (and the related Underlying Specific Conditions which apply to the Security) and specify the applicable Payout Conditions used to calculate the redemption amount and any interest payments (if applicable) of the Exempt Security.

Exempt Securities may be issued under the Programme with different or additional features to the Securities described herein.

11. Will the Securities be listed or admitted to trading?

Applications may be made to list the Securities on a regulated market or multilateral trading facility and admit the Securities to trading on a regulated market or multilateral trading facility, as disclosed in the Issue Terms. Securities may also be unlisted and not admitted to trading as specified in the Issue Terms of the relevant Securities.

12. Distribution of this Base Prospectus

The distribution or delivery of this Base Prospectus or any Issue Terms and any offer or sale of the Securities in certain jurisdictions may be restricted by law. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offering or solicitation. Other than as expressly described in this Base Prospectus, no action is being taken to permit an offering of the Securities or the delivery of this Base Prospectus in any jurisdiction. Persons into whose possession this Base Prospectus or any Issue Terms comes are required by the Issuer to inform themselves about and to observe any such restrictions. Details of selling restrictions for various jurisdictions are set out in the section "Purchase and Sale" below and may also be set out in the Issue Terms.

13. No Participation in a collective investments scheme

The Securities do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The Securities are neither subject to the authorisation nor to the supervision by the Swiss Financial Market Supervisory Authority FINMA and investors do not benefit from the specific investor protection provided under the CISA. Investors should be aware that they are exposed to the credit risk of the relevant Issuer.

14. Change of circumstances

Neither the delivery of this Base Prospectus (including the information incorporated by reference in this Base Prospectus) or any Issue Terms, nor any sale of Securities, shall create any impression that information in such documents relating to the Issuer is correct at any time subsequent to the date of the Base Prospectus or that any other information supplied in connection with the Securities or the Programme is correct as of any time subsequent to the date of the relevant document containing the same (the foregoing being without prejudice to the obligations of the Issuer under applicable rules and regulations).

15. Representations

In connection with the issue and sale of the Securities, no person has been authorised to give any information or to make any representation not contained in or consistent with the Base Prospectus and Issue Terms and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. None of the Issuer, any Dealer, any Agent or any of their respective affiliates accepts any responsibility for any information not contained in this Base Prospectus and Issue Terms.

16. Capitalised terms and currencies

All capitalised terms used will be defined in this Base Prospectus or the Issue Terms and are referenced in the Index to this Base Prospectus.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "U.S.\$", "USD" and "U.S. dollars" are to the currency of the United States of America, to "\$" and "dollars" are to the currency of Canada, to "euro", "EUR" and "€" are to the currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty on the functioning of the European Union, as amended, to "Japanese yen" and "yen" are to the currency of Japan, to "Sterling" are to the currency of the United Kingdom and to "CHF" are to the currency of Switzerland. In the documents including information incorporated by reference in this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "\$" are to Canadian dollars.

17. Caution Regarding Forward-Looking Statements

Certain statements contained or incorporated by reference in this Base Prospectus are forward-looking statements. These statements are made in accordance with applicable securities legislation in Canada and the United States. The forward-looking statements in this Base Prospectus and in the documents containing information incorporated herein may include, but are not limited to, statements in the messages from management, as well as other statements about the economy, market changes, the Issuer's objectives, outlook, and priorities for fiscal year 2025 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Issuer's financial condition and operations, the regulatory environment in which it operates, the potential impacts of increased geopolitical uncertainty on the Issuer and its clients, its environmental, social, and governance targets and commitments, the impacts and benefits of the acquisition of Canadian Western Bank (CWB) and certain risks to which the Issuer is exposed. The Issuer may also make forward-looking statements in other documents and regulatory filings, as well as orally. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", the use of future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would", as well as similar terms and expressions. These forward-looking statements are intended to assist the holders of the Issuer's securities in understanding the Issuer's financial position and results of operations as at the dates indicated and for the periods then ended, as well as the Issuer's vision, strategic objectives, and performance targets, and may not be appropriate for other purposes.

These forward-looking statements are based on current expectations, estimates, assumptions and intentions that the Issuer deems reasonable as at the date thereof and are subject to inherent uncertainty and risks, many of which are beyond the Issuer's control. There is a strong possibility that the Issuer's express or implied predictions, forecasts, projections, expectations, or conclusions will not prove to be accurate, that its assumptions will not be confirmed, and that its vision, strategic objectives, and performance targets will not be achieved. The Issuer cautions investors that these forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from these statements due to a number of factors. Therefore, the Issuer recommends that readers not place undue reliance on these forward-looking statements, as a number of factors could cause actual results to differ materially from the expectations, estimates, or intentions expressed in

these forward-looking statements. Investors and others who rely on the Issuer's forward-looking statements should carefully consider the factors listed below as well as other uncertainties and potential events and the risk they entail. Except as required by law, the Issuer does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

Assumptions about the performance of the Canadian and U.S. economies in 2025, in particular in the context of increased geopolitical uncertainty, and how that performance will affect the Issuer's business are among the factors considered in setting the Issuer's strategic priorities and objectives, including allowances for credit losses.

The forward-looking statements made in this document are based on a number of assumptions and their future outcome is subject to a variety of risk factors, many of which are beyond the Issuer's control and the impacts of which are difficult to predict. These risk factors include, among others, the general economic environment and business and financial market conditions in Canada, the United States, and the other countries where the Issuer operates, including recession risk; geopolitical and sociopolitical uncertainty; the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, as well as the possible impacts on our customers, our operations, and more generally, on the economy; exchange rate and interest rate fluctuations; inflation; global supply chain disruptions; higher funding costs and greater market volatility; changes to fiscal, monetary, and other public policies; regulatory oversight and changes to regulations that affect the Issuer's business; geopolitical and sociopolitical uncertainty; the Issuer's ability to successfully integrate CWB and potential undisclosed costs or liability associated with the acquisition; climate change, including physical risks and risks related to the transition to a low-carbon economy; the Issuer's ability to meet stakeholder expectations on environmental and social issues, the need for active and continued stakeholder engagement; the availability of comprehensive and high-quality information from customers and other third parties, including greenhouse gas emissions; the ability of the Issuer to develop indicators to effectively monitor our progress; the development and deployment of new technologies and sustainable products; the ability of the Issuer to identify climate-related opportunities as well as to assess and manage climate-related risks; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Issuer's ability to achieve its key short-term priorities and long-term strategies; the timely development and launch of new products and services; the ability of the Issuer to recruit and retain key personnel; technological innovation, including open banking and the use of artificial intelligence; heightened competition from established companies and from competitors offering non-traditional services; model risk; changes in the performance and creditworthiness of the Issuer's clients and counterparties; the Issuer's exposure to significant regulatory issues or litigation; changes made to the accounting policies used by the Issuer to report its financial position, including the uncertainty related to assumptions and significant accounting estimates; changes to tax legislation in the countries where the Issuer operates; changes to capital and liquidity guidelines as well as to the instructions related to the presentation and interpretation thereof; changes to the credit ratings assigned to the Issuer by financial and extra-financial rating agencies; potential disruptions to key suppliers of goods and services to the Issuer; third-party risk, including failure by third parties to fulfil their obligations to the Issuer; the potential impacts of disruptions to the Issuer's information technology systems due to cyberattacks and theft or disclosure of data, including personal information and identity theft; the risk of fraudulent activity; and possible impacts of major events on the economy, market conditions, or the Issuer's outlook, including international conflicts, natural disasters, public health crises, and the measures taken in response to these events; and the ability of the Issuer to anticipate and successfully manage risks arising from all of the foregoing factors.

The foregoing list of risk factors is not exhaustive, and the forward-looking statements made in this Base Prospectus are also subject to credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, and social and environmental risk as well as certain emerging risks or risks deemed significant.

Except as required by law, none of the Issuer, the Dealers or any other person undertakes to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

18. Additional Investment Considerations in relation to Securities issued as Sustainable Securities

Neither the Bank nor the Dealers (nor any of their respective affiliates) makes any representation as to the suitability of the Sustainable Securities (as defined herein) to fulfil any green, environmental, sustainable, social or other criteria required by prospective investors, or as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer and including any post-issuance reports by any third party) which may be made available in connection with the issue of Sustainable Securities and in particular with any of the businesses and projects funded with the proceeds from Sustainable Securities to fulfil any environmental, sustainability, social and/or other criteria required by prospective investors. For the avoidance of doubt, none of the Framework (as defined herein), the Second Party Opinion (as defined in the "Sustainable Securities" section below) or any other report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) is, nor shall they be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Bank, the Dealers (or any of their respective affiliates) or any other person to buy, sell or hold Sustainable Securities. The Second Party Opinion and any such other report, assessment, opinion or certification of any third party (whether or not solicited by the Bank) is a statement of opinion, not a statement of fact, and is only current as at the date that it was initially issued. Accordingly, prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in any Sustainable Securities. As at the date of this Base Prospectus, the providers of such reports, assessments, opinions and certifications are not currently subject to any specific regulatory or other regime or oversight. The EU Green Bond Regulation (as defined herein) will introduce a supervisory regime of external reviewers of European Green Bonds but this is not due to take effect until 21 June 2026 (and, in any event, Sustainable Securities issued under this Base Prospectus will not be European Green Bonds). Neither the Bank nor the Dealers (nor any of their respective affiliates) have undertaken, nor are they responsible for, any assessment of the Framework or the eligibility criteria for the Sustainable Securities, any verification of whether any of the businesses or projects fall within the Eligible Categories, or the monitoring of the use of proceeds of the Sustainable Securities.

RISK FACTORS

An investment in Securities involves substantial risks and is a riskier investment than an investment in ordinary debt securities. An investment in Securities is not equivalent to investing directly in the Underlying(s).

The Issuer believes that the following risk factors are material for the purpose of making an informed investment decision associated with the Securities.

Investors should consider the following risk factors and should make any investment decision only on the basis of the Base Prospectus as a whole including the documents containing information incorporated by reference, any supplements to the Base Prospectus and the applicable Issue Terms.

Investors should not acquire Securities without a thorough understanding of the mechanics of the relevant Securities and without being aware of the potential risk of loss. Investors should carefully examine whether an investment in the Securities is appropriate given their personal circumstances and financial situation and should consult a financial advisor to discuss any questions in advance of any investment decision.

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1. Risk factors associated with the Issuer

1.1 Credit Risk

Credit risk is the risk of incurring a financial loss if an obligor does not fully honour its contractual commitments to the Bank. Obligors may be debtors, issuers, counterparties, or guarantors. Credit risk is the most significant risk facing the Bank in the normal course of its business. The Bank is exposed to credit risk not only through its direct lending activities and transactions but also through commitments to extend credit and through letters of guarantee, letters of credit, over-the-counter derivatives trading, debt securities, securities purchased under reverse repurchase agreements, deposits with financial institutions, brokerage activities, and transactions carrying a settlement risk for the Bank such as irrevocable fund transfers to third parties via electronic payment systems.

The Bank is exposed to credit risk, not only through outstanding loans and undrawn amounts of commitments to a particular obligor but also through the sectoral distribution of the outstanding loans and undrawn amounts and through the exposure of its various credit portfolios to geographical, concentration, and settlement risks.

(a) *The value of the Securities will be affected by the general creditworthiness of the Bank.*

The Bank's financial condition, financial performance and cash flows are affected by, among other things, known material trends, demands, commitments, events and other risks and uncertainties. Investors should consider the categories of risks identified and discussed herein including management of credit risk, market risk, operational risk, asset liability management, liquidity risk, reputational risk, risks related to off-balance sheet arrangements and other contractual obligations, risks related to capital management, changes in creditworthiness, risks of operating in a regulatory environment, risks related to general economic conditions and risks related to legal proceedings and regulatory investigations and actions, each of which can affect the general creditworthiness of the Bank and in turn affect the value of the Securities.

(b) *Changes to the Bank's credit ratings may adversely affect the market value of the Securities.*

There is no assurance that the Bank's credit ratings or the credit ratings of the Securities will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The credit ratings assigned by ratings agencies represent their assessment of the Bank's credit quality based on qualitative and quantitative information provided to them. Credit ratings may be revised at any time based on various factors, including macroeconomic factors, the methodologies used by ratings agencies, or the current and projected financial condition of the Bank. Credit ratings are one of the main factors that influence the Bank's ability to access financial markets at a reasonable cost. A downgrade in the Bank's credit ratings could adversely affect the cost, size, and term of future funding and could also result in increased requirement to pledge collateral or decreased capacity to engage in certain collateralised business activities at a reasonable cost, including hedging and derivative financial instrument transactions.

In the event that a rating assigned to the Bank or the Securities is subsequently suspended, lowered or withdrawn for any reason other than as specified therein, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Securities, the Bank may be adversely affected, the market value of the Securities is likely to be adversely affected and the ability of the Bank to make payments under the Securities may be adversely affected.

(c) *Borrower and Counterparty risk exposure*

The Bank's ability to make payments in connection with any Securities is subject to general credit risks, including credit risks of borrowers. Third parties that owe the Bank money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, trading counterparties, counterparties under swaps and credit and other derivative contracts,

agents and financial intermediaries. These parties may default on their obligations to the Bank due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Between 2 March 2022 and 12 July 2023, the Bank of Canada raised its policy rate ten times, increasing from 0.25% to 5%. This rapid increase in rates, undertaken primarily to counter inflation in Canada, continues to put pressure on the ability of borrowers to make payments, notably borrowers with variable-rate mortgages or for whom the mortgage term is up for renewal. Over the course of its last announcements, which occurred on 5 June, 24 July, 4 September, 23 October and 11 December 2024, and 29 January and 12 March 2025, the Bank of Canada lowered its policy interest rate from 5% to 2.75%.

Counterparty risk is a credit risk that the Bank incurs on various types of transactions involving financial instruments. The most significant risks are those it faces when it trades derivative financial instruments with counterparties on the over-the-counter market or when it purchases securities under reverse repurchase agreements or sells securities under repurchase agreements. Securities lending transactions and securities brokerage activities involving derivative financial instruments are also sources of counterparty risk. The Bank has identified circumstances in which it is likely to be exposed to wrong-way risk. There are two types of wrong-way risk: general wrong-way risk and specific wrong-way risk. General wrong-way risk occurs when the probability of default of the counterparties is positively correlated to general market risk factors. Specific wrong-way risk occurs when the exposure to a specific counterparty is positively correlated to the probability of default of the counterparty due to the nature of the transactions with this counterparty.

A number of the Bank's counterparties are EU credit institutions and investment firms, including the Dealers under the Programme (collectively, "**EU Firms**"), which are subject to Directive 2014/59/EU, as amended (the "**BRRD**"), which is intended to enable a range of actions to be taken in relation to EU Firms considered to be at risk of failing. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing EU Firm so as to ensure the continuity of the institution's critical financial and economic functions, whilst minimising the impact of the institution's failure on the economy and financial system. The BRRD was applied in Relevant Member States and the United Kingdom from 1 January 2015 with the exception of the bail-in tool (referred to below) which was applicable from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) any of the Bank's EU Firm counterparties 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. Such resolution tools and powers are: (i) sale of business; (ii) bridge institution; (iii) asset separation; and (iv) bail-in. The bail-in tool gives the resolution authority the ability to write-down or convert certain unsecured debt instruments of any of the Bank's EU Firm counterparties into shares (or other instruments of ownership), to reduce the outstanding amount due under such debt instruments (including reducing such amounts to zero) or to cancel, modify or vary the terms of such debt instruments (including varying the maturity of such instruments) and other contractual arrangements. The BRRD also provides for a relevant Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the applicable state aid framework.

An EU Firm will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing 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).

In the normal course of business, the Bank deals with EU Firms to whom the BRRD and its bail-in power applies. The powers set out in the BRRD will impact how such EU Firms are managed as well as, in certain circumstances, the rights of their creditors including the Bank. For instance, the Bank and its debtholders may be affected by disruptions due to an EU Firm counterparty not being able to fulfil its obligations as issuing and paying agent, European registrar, calculation agent or similar roles.

(d) ***Settlement risks***

Settlement risk potentially arises from transactions that feature reciprocal delivery of cash or securities between the Bank and a counterparty. Foreign exchange contracts are an example of transactions that can generate significant levels of settlement risk. However, the implementation of multilateral settlement systems that allow settlement netting among participating institutions has contributed greatly to reducing the risks associated with the settlement of foreign exchange transactions among banks. The Bank also uses financial intermediaries to gain access to established clearing houses in order to minimise settlement risk for certain financial derivative transactions. In some cases, the Bank may have direct access to established clearing houses for settling financial transactions such as repurchase agreements or reverse repurchase agreements. In addition, certain derivative financial instruments traded over the counter are settled directly or indirectly by central counterparties.

There are several types of transactions that may generate settlement risk, in particular the use of certain electronic fund transfer services. This risk refers to the possibility that the Bank may make a payment or settlement on a transaction without receiving the amount owed by the counterparty, and with no opportunity to recover the funds delivered (irrevocable settlement).

(e) ***Environmental risks***

Environmental risk refers to the impacts on credit risk that may lead to reduced repayment capacity, or a lower value of the asset pledged as collateral due to environmental events, such as soil contamination, waste management, or a spill of materials considered hazardous, to the energy transition, or to extreme weather events. Ultimately, environmental risk can lead to both a higher probability of default and higher credit loss in cases of default among counterparties. In addition to the measures and guidelines adopted by the various levels of government, the Bank has a set of protective measures to follow in order to identify and reduce the potential, current, or future environmental risks to which it is exposed when it grants credit to clients.

1.2 **Liquidity and Funding, Operational and Strategic Risk**

(a) ***Liquidity and Funding Risk***

Liquidity and funding risk is the risk that the Bank will be unable to honour daily cash and financial obligations without resorting to costly and untimely measures. Liquidity and funding risk arises when sources of funds become insufficient to meet scheduled payments under the Bank's commitments. Liquidity risk stems from mismatched cash flows related to assets and liabilities as well as the characteristics of certain products such as credit commitments and nonfixed-term deposits.

The Bank has created securities portfolios in liquid and less liquid securities for strategic, long-term investment, and liquidity management purposes. These investments carry market risk, credit risk, liquidity risk, and concentration risk.

(b) ***The Bank is exposed to operational and infrastructure risks.***

The Issuer is exposed to many types of operational risk. Operational risk is the risk of loss resulting from an inadequacy or a failure ascribable to human resources, equipment, processes, technology or external events. Operational risk exists for every Bank activity. Theft, fraud, cyberattacks, unauthorised transactions, system errors, human error, misinterpretation of laws and regulations, litigation or disputes with clients, inappropriate sales practice behaviour or property damage are just a few examples of events likely to cause financial loss, harm the Bank's reputation, or lead to regulatory

penalties or sanctions in the various jurisdictions in which the Bank operates. For example, as a financial services organisation, the Bank manages high volumes of personal and other sensitive data. Inadequate data governance practices could result in negative financial and reputational impacts. Although operational risk cannot be eliminated entirely, it can be managed in a thorough and transparent manner to keep it at an acceptable level.

The Bank's business segments use several operational risk management tools and methods to identify, assess, and manage their operational risk and control measures. Given the high volume of transactions the Bank processes on a daily basis, however, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures in the Bank's internal processes, systems or people, including any of the Bank's financial, accounting or other data processing systems, could lead to, among other consequences, financial loss and reputational damage.

In addition, despite any contingency plans the Bank may have in place, the Bank's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the Bank's businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by the Bank or by third parties with which the Bank conducts business. The occurrence of any of the foregoing could have a material adverse effect on the Bank's business, prospects, financial conditions, reputation and or results of operations.

(c) ***Information system disruptions and security breaches may adversely affect the Bank's operating results***

Technology, which is now omnipresent in daily life, is at the heart of banking services and has become the main driver of innovation in the financial sector. While this digital transformation meets the growing needs of customers by enhancing the operational efficiency of institutions, it nevertheless comes with information security and cybersecurity risks. The personal information and financial data of financial institution customers are still prime targets for criminals. These criminals, who are increasingly well organised and employing ever more sophisticated schemes, try to use technology to steal information.

Faced with a resurgence of cyberthreats and the sophistication of cybercriminals, the Bank is exposed to the risks associated with data breaches, malicious software, unauthorised access, hacking, phishing, identity theft, intellectual property theft, asset theft, industrial espionage, and possible denial of service due to activities causing network failures and service interruptions.

Cyberattacks, as with breaches or interruptions of systems that support the Bank and its customers, could cause client attrition; financial loss; an inability of clients to do their banking; non-compliance with privacy legislation or any other current laws; legal disputes; fines; penalties or regulatory action; reputational damage; compliance costs, corrective measures, investigative, or restoration costs; and cost hikes to maintain and upgrade technological infrastructures and systems, all of which could affect the Bank's operating results or financial position, in addition to having an impact on its reputation.

It is also possible for the Bank to be unable to implement effective preventive measures against every potential cyberthreat, as the tactics used are multiplying, change frequently, come from a wide range of sources and are increasingly sophisticated.

Within this context, the Bank works to ensure the integrity and protection of its systems and the information they contain. The Bank reaffirms its commitment to continuous improvement in the area of information security, the ultimate goal being to protect its customers and maintain their trust. Along with its partners in the financial sector and with the regulatory authorities, the Bank is committed to making a sustained effort to mitigate technology risks. Multidisciplinary teams consisting of cybersecurity and fraud prevention specialists focus specifically on anticipating this type of threat. The Bank is also pursuing initiatives under its own cybersecurity programme aimed at adapting its protection, surveillance, detection and response capabilities according to changing threats, the aim

being to continue to reduce delays in detecting any anomalies or cybersecurity incidents and limiting the impact thereof as much as possible. A governance and accountability structure has also been established to support decision-making based on sound risk management. The Technology Committee is regularly informed of the cybersecurity posture, of cybersecurity trends and developments and of lessons learned from operational incidents that have occurred in other large organisations such that it can gain a better understanding of the risks, particularly risks related to cybersecurity and the protection of personal information.

Despite the Bank's commitment to continuous improvement in the area of information security and to making a sustained effort to mitigate technology risks, there can be no assurance that the Bank will be successful in all respects and it remains exposed to failures or disruptions which may adversely affect its operating results.

(d) ***The failure to properly implement technological innovation may adversely affect the Bank's operating results or financial position***

Rapid changes in the technology used by financial system participants could affect the Bank's financial performance and reputation, which depend in part on its ability to develop and market new product and service offerings to satisfy changing customer needs, adopt and develop new technologies that help differentiate its products and services in the market and generate cost savings. In addition, the Bank must adequately assess the impacts of any changes arising from the deployment of key technological systems before they are implemented and on an ongoing basis during their deployment.

The transition to new digital solutions and channels has accelerated greatly in recent years, leading to major developments in the areas of digital currencies, the open banking system, and financial services from non-bank providers. The arrival of new, non-conventional players in the market has intensified competition, as they are proposing to enhance client experience with new technologies, data analysis tools and customised solutions. These businesses are not necessarily subject to the same regulatory requirements as financial institutions and may sometimes be able to react more quickly to new consumer habits.

Furthermore, to promote digital innovation and improve the client experience, the Bank continues to incorporate artificial intelligence into its business processes. It designs and continuously applies a set of practices aimed at ensuring the development of equitable solutions, in addition to rigorous monitoring during the production stage. The Bank also continues to participate in the industry's work to implement a regulatory framework for the open banking system.

The Bank remains alert to the risks that could arise from the transformation of financial services and continues to invest in the development of its operational and technological capabilities. Also, the Bank maintains a strong commitment in favour of innovation through its specialised venture capital arm, *NAventuresTM*, which makes strategic investments in emerging technologies.

(e) ***The Bank's success in developing and introducing new products and services, expanding distribution channels, developing new distribution channels and realising revenue from these channels could affect the Bank's revenues and earnings.***

The Bank's ability to maintain or increase market share depends, in part, on the way in which it adapts its products and services to changes in financial industry standards and markets. There is increasing pressure on financial institutions such as the Bank to provide products and services at lower prices, which may reduce the Bank's net interest income and revenues from fee-based products and services. In addition, the implementation of or changes to new technologies to adapt them to the Bank's financial products and services, expanding distribution channels, developing new distribution channels and realising revenue from these channels, could require the Bank to make substantial expenditures without being able to guarantee successful deployment of its new products or services or a client base for them. The Bank may not be successful in adapting its products and services and this may adversely affect its revenues and earnings.

(f) ***The Bank's ability to properly complete acquisitions and subsequent integration may affect the Bank's results.***

The Bank's ability to successfully complete an acquisition is often conditional on regulatory approval, and the Bank cannot be certain when or under what conditions, if any, approval will be granted. Acquisitions could affect future results should the Bank experience difficulty integrating the acquired business. If the Bank does encounter difficulty integrating an acquired business, maintaining an appropriate governance level over the acquired business, or retaining key officers within the acquired business, these factors could prevent the Bank from realising expected revenue growth, cost savings, market share gains and other projected benefits of the acquisition.

(g) ***Failure to obtain accurate and complete information from or on behalf of the Bank's clients and counterparties could adversely affect the Bank's results.***

In decisions related to authorising credit or other transactions with clients and third parties, the Bank may use information provided by them, particularly their financial statements and other financial information. The Bank may also refer to statements made by clients and third parties regarding the accuracy and completeness of such information and independent auditor's reports on their financial statements. In the event the financial statements are misleading or do not present fairly, in all material respects, their financial position or operating results, the Bank's results could be adversely affected. For more details on the risks the Bank faces related to third parties, see the Section entitled "Risk associated with technological developments and cyber threats" below in this Base Prospectus.

(h) ***Data Risk and Protection of Personal Information***

The Bank operates in an environment where data plays a crucial role, both as a growth driver and potential source of risk. The Bank understands that the volume of data created, transformed and handled on a regular basis by all its segments generates a risk that could give rise to a financial impact (regulatory penalties, increase in operating costs, etc.) and an impact on its reputation, but that could also have an impact on its clients.

The importance of effective data governance and management has grown with the rapid evolution of technology. On the one hand, the use of artificial intelligence requires quality data and generates new risks, including ethical risks, such as potential biases. On the other hand, the regulatory authorities' requirements are constantly evolving.

The Bank recognises data as strategic assets and has set the objective of enhancing the quality and integrity of data to unlock their full strategic value and improve decision-making while complying with regulatory requirements. To support its effort, the Bank applies industry best governance and risk management practices and relies in particular on the Basel Committee principles as well as internationally recognised principles that are adopted by major financial institutions. In addition, the Bank continues its effort and investments to adopt new technologies and exploit the value of data with a view to supporting informed decisions and meeting clients' needs with greater agility.

The Bank's Data Office established a data governance framework emphasising data quality, security, transparency, protection and management. The Data Council ensures data management is aligned with the corporate strategy. The Data Office ensures that the data strategy is deployed and operationalised in each segment. Governance, accountability and risk management committees are in place to monitor the progress of initiatives, ensure effective governance and sound data management and oversee data risk across the Bank.

A significant proportion of the data held by the Bank is personal information about its customers and employees. Risks related to protecting personal information exist throughout the entire lifecycle of information and arise, in particular, from new control measures and processes as well as from ever-evolving legislative requirements. Such risks could also arise from information being improperly created, collected, used, communicated, stored, or destroyed. Exposure to such risks may increase when the Bank uses external service providers to process personal information. The collection, use,

and communication of personal information as well as the management and governance thereof are receiving increasing attention, and the Bank is investing in technological solutions and innovations according to the evolution of its commercial activities.

These risks could lead to the loss or theft of personal information, a decline of the client base; financial losses; non-compliance with legislation in effect; investigations; legal disputes; penalties; punitive damages; regulatory orders; reputational damage; compliance costs; corrective actions; and cost hikes to maintain and upgrade technological infrastructures and systems, all of which could affect the Bank's operating results or financial position, in addition to having an impact on its reputation.

In recent years, innovations and the proliferation of technological solutions that process or store personal information such as cloud computing, artificial intelligence, machine learning, and open banking, gave rise to significant legislative changes in many jurisdictions, including Canada and Québec.

The Bank continues to monitor relevant legislative developments and enhance its governance by updating its policies, standards and practices and by deploying a privacy program that reflects its determination to maintain the trust of its clients.

There can be no guarantee that the Bank's policies, standards and practices will be sufficient to prevent any of the risks described above related to the protection of personal information. Should any such risks materialise, it could cause the Issuer to be subject to client attrition; financial loss; non-compliance with legislation; legal disputes; fines; penalties; punitive damages; regulatory action; reputational damage; compliance, remediation, investigative, or restoration costs; cost hikes to maintain and upgrade technological infrastructures and systems, all of which could affect the Bank's operating results or financial position, in addition to having an impact on its reputation.

- (i) ***The accounting policies, methods and estimates the Bank utilises determine how it reports its financial condition and financial performance, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain, such estimates and assumptions may require revision, and changes to them could have a significant impact on the Bank's operating results and financial position.***

Management exercises judgment in selecting and applying the Bank's accounting policies and methods to ensure that, while compliant with IFRS Accounting Standards as issued by the International Accounting Standards Board, they reflect the Bank's best judgment of the most appropriate manner in which to record and report the Bank's financial condition and financial performance.

Certain accounting policies are "critical" to understanding the financial performance and the financial condition of the Bank as they (i) require management to make certain judgments and estimates, some of which may relate to matters that are uncertain and (ii) changes in these judgments and estimates could have a material impact on the Bank's financial results and financial condition. These significant accounting policies and estimates relate to the fair value determination of financial instruments, the impairment of financial assets, the impairment of non-financial assets, pension plans and other post-employment benefits, income taxes, provisions, consolidation of structured entities and classification of debt instruments. Any changes to these estimates and assumptions may have a significant impact on the Bank's operating results and financial position.

- (j) ***Strategic risks.***

Strategic risk is the risk of a financial loss or of reputational harm arising from inappropriate strategic orientations, improper execution, or ineffective response to economic, financial, or regulatory changes. As a financial organisation, business strategy is a major driver of the Bank's risk appetite and consequently the strategic choices that the Bank makes in terms of business mix determine how the Bank's risk profile changes. A failure on the part of the Bank to inadequately implement or adapt to changing situations may result in an adverse impact on the Bank's operating results, financial position and reputation.

(k) Risks relating to additional factors

Other factors that could affect the Bank's business, operating results, and reputation include unexpected changes in consumer spending and saving habits; the timely development and launch of new products and services; the ability to successfully align its organisational structure, resources, and processes; the ability to activate a business continuity plan within a reasonable time; the potential impact of international conflicts, natural disasters or public health emergencies such as pandemics; and the Bank's ability to foresee and effectively manage the risks resulting from these factors through rigorous risk management.

1.3 Risks relating to the external political, economic and competitive environments of the Bank**(a) *The imposition of new U.S. tariffs on imports from Canada may have an impact on the Issuer's financial position.***

In 2025, the new U.S administration issued executive orders directing the United States to impose new tariffs on imports from certain countries, including Canada. Such announcements and threats of potential retaliatory tariffs created uncertainty, which has permeated the global economic and investment outlook, impacting current economic conditions, including such issues as the inflation rate and the global supply chain. Aside from the impact on the global economy, the tariff conflict may continue to have repercussions on the Issuer and on its clients. In light of these recent developments, the Issuer is closely monitoring the impacts and potential consequences on its financial position and that of its clients. Given these circumstances, the tariff conflict may put into perspective many of the top and emerging risks to which the Issuer is exposed, including credit risk, market risk, liquidity and funding risk, operational risk, strategic risk and third party risk. The extent to which entities will be affected depends largely on the nature and duration of uncertain and unpredictable events, such as the duration or escalation of the tariffs, the evolution of retaliatory measures, possible fiscal or monetary policy responses, and reactions to ongoing changes by global financial markets.

As a result of recent comprehensive changes to U.S. trade policy, tariffs and retaliatory tariffs are being imposed by the U.S. administration and various affected countries, including Canada, Mexico and China, which may affect the Bank and its clients. The level of uncertainty related to such tariffs remains elevated and persistent, as the U.S. administration recently imposed a 90-day pause on most of the previously announced country-specific reciprocal tariffs, reducing tariffs for most countries including China but excluding Canada and Mexico. The potential enactment of recently proposed U.S. tax legislation contributes to this climate of uncertainty. The heightened economic uncertainty and unpredictability of the U.S. government's trade policies continue to create volatility in the financial markets and weigh on the economic and investment outlook, impacting current economic conditions, including such issues as the inflation rate, foreign exchange rates, recessionary risks, and the global supply chain. In addition, the U.S. administration has stated its interest in renegotiating the U.S.-Mexico-Canada Agreement (USMCA), which could result in higher tariffs. Aside from its impact on the global economy, the tariff conflict should continue to have repercussions on the Bank and its clients. The Bank is closely monitoring the developments, as well as the impacts and potential consequences on its financial position and that of its clients, in a macroeconomic environment marked by elevated debt servicing costs, weakened consumer demand and higher operating costs due in part to the reconfiguration of supply chains. Given these circumstances, this conflict may impact many of the top and emerging risks to which the Bank is exposed, including credit risk, market risk, liquidity and funding risk, operational risk, strategic risk, and third-party risk. The extent of the adverse effect on the operational and financial situation of entities such as the Bank and its clients depends largely on the nature and duration of uncertain and unpredictable events, such as the duration or escalation of the tariffs, the evolution of retaliatory measures, possible fiscal or monetary policy responses, and reactions to ongoing changes by global financial markets.

Given the continued uncertainty, it is not possible to anticipate the extent to which any such tariffs may have an impact on the Issuer's financial position.

(b) ***Changes in market rates and prices may adversely affect the value of financial products held by the Bank.***

Market risk is the risk of financial losses arising from movements in market prices. Market risk comes from a number of factors, particularly changes to market variables such as interest rates, credit spreads, exchange rates, equity prices, commodity prices and implied volatilities. The Bank is exposed to market risk through its participation in trading, investment and asset/liability management activities. Trading activities involve taking positions on various instruments such as bonds, shares, currencies, commodities or derivative financial instruments. The Bank is exposed to non-trading market risk through its asset/liability management and investment portfolios.

The Bank's trading portfolios include positions in financial instruments and commodities held either for trading or for hedging other items of the trading book. Positions held with trading intent are those held for short-term resale and/or with the intent of taking advantage of actual or expected short-term price movements or to lock in arbitrage profits and for hedging risks that arise from financial instruments. The Bank's strategic objectives in undertaking trading activities include market making, facilitating client transactions and managing risks associated with these activities.

The Bank's non-trading portfolios include financial instruments intended to be held to maturity as well as those held for daily cash management or for the purpose of maintaining targeted returns or ensuring asset and liability management.

It is difficult to predict with accuracy changes in economic and market conditions and to anticipate the effects that such changes could have on the Bank's financial performance, which may adversely affect the value of financial products held by the Bank and in turn could have an adverse effect on the Bank's revenues.

(c) ***Structural interest rate risk.***

As part of its core banking activities, such as lending and deposit taking, the Bank is exposed to interest rate risk. Structural interest rate risk is the potential negative impact of interest rate fluctuations on the Bank's annual net interest income and the economic value of its equity. Activities related to hedging, investments, and term funding are also exposed to structural interest rate risk. The Bank's main exposure to interest rate risk stems from a variety of sources: i) yield curve risk, which refers to changes in the level, slope, and shape of the yield curve; ii) repricing risk, which arises from timing differences in the maturity and repricing of on- and off-balance-sheet items; iii) options risk, either implicit (*e.g.* prepayment of mortgage loans) or explicit (*e.g.* capped mortgages and rate guarantees) in balance sheet products; and iv) basis risk that is caused by an imperfect correlation between different yield curves.

(d) ***Movements of the Canadian dollar relative to other currencies, particularly the U.S. dollar and the currencies of other jurisdictions in which the Bank conducts business, may affect the Bank's revenues, expenses and earnings.***

Currency rate movements in Canada, the United States and other countries in which the Bank does business could significantly impact the Bank's financial position, as a result of foreign currency translation adjustments, and the Bank's future earnings. For example, if the value of the Canadian dollar rises against the U.S. dollar, the Bank's investments and earnings in the U.S. may be negatively affected. Changes in the value of the Canadian dollar relative to the U.S. dollar may also affect the earnings of the Bank's small business, commercial and corporate clients in Canada. The Bank's structural foreign exchange risk arises from investments in foreign operations denominated in currencies other than the Canadian dollar. This risk, predominantly in U.S. dollars, is measured by assessing the impact of currency fluctuations on retained earnings. The Bank uses financial instruments (derivative and non-derivative) to hedge this risk. An adverse change in foreign exchange rates can also impact the Bank's capital ratios due to the amount of risk-weighted assets denominated in a foreign currency. The structural foreign exchange risk is managed to ensure that the potential impacts on the capital ratios and net income are within tolerable limits set by risk policies. However, there is no

guarantee that such policies will provide adequate protection in all instances and any fluctuation of the Canadian dollar has the potential to adversely affect the Bank's investments and earnings and the earnings of the Bank's small business, commercial and corporate clients, particularly if those clients are present in import/export-oriented sectors, which in turn may affect the Bank's revenues, expenses and earnings.

- (e) ***The Bank's earnings are affected by the monetary policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States and other financial market developments.***

The monetary policies of the Bank of Canada and the United States Federal Reserve Board as well as other interventionist measures in capital markets have repercussions on the Bank's revenues. Variations in the money supply and the general level of interest rates could impact the Bank's profitability. A change in the level of interest rates can affect the interest spread between the Bank's deposits and loans and as a result could impact the Bank's net interest income. Changes in monetary policy and developments in the financial markets are beyond the Bank's control and difficult to predict or anticipate and could have an adverse effect on the Bank's earnings and its ability to fulfil its obligations under the Securities.

- (f) ***The Bank's revenues and earnings are substantially dependent on the general economic, geopolitical and business conditions in regions where it operates.***

Although the Bank operates primarily in Canada, it also has business operations in the United States and other countries. The Bank is exposed to financial risks outside Canada and the United States primarily through its interbank transactions on international financial markets or through international trade finance activities. This geographic exposure represents a moderate proportion of the Bank's total risk.

Government decisions and international relations can have a significant impact on the environment in which the Bank operates. Geopolitical events can lead to volatility, have a negative impact on at risk assets, and cause financial conditions to deteriorate. They can also directly or indirectly affect banking activities by having repercussions on clients. The war in Ukraine, which has temporarily disrupted energy and agricultural supply chains, is a good example. The economic sanctions taken against Russia for its invasion of Ukraine and the steps taken by Russia to significantly reduce natural gas supply to Europe have led to soaring energy costs. In turn, this situation has triggered the economic headwinds now facing Europe and heightened the risk of a political reaction in the form of new governments taking power and social unrest. Even if the war were to end, the shattered trust suggests that Europe and Russia will continue to take measures to become less dependent on one another, notably regarding energy matters. In addition, the current conflict between Hamas and Israel adds a new risk of regional escalation in the Middle East. As at the date of this Base Prospectus, there is an escalation between Israel and Hezbollah in Lebanon, which is supported by Iran. The greatest risk is that this conflict spreads and develops into a more direct and lengthy confrontation between Iran and Israel, which could complicate oil deliveries in the Persian Gulf. This would have negative consequences on the global geopolitical and economic landscape, as well as on energy prices. While new risks could arise at any time, certain concerns are compelling the Bank to monitor other situations at this time. The geopolitical power struggle that for years has pitted the United States against China is one such concern. Businesses, in particular those operating in sectors deemed strategic, run an increasing risk of finding themselves in a maze of contradictory regulations, where complying with U.S. regulations means violating Chinese law, and vice versa. These tensions could also partially undo some of the ties forged between these two superpowers in the financial markets, which means that Canada is being increasingly caught in the crosshairs of the two countries. The tariffs on Chinese electric vehicles is just one of many examples. Tensions between China and the United States on the subject of Taiwan is another source of disagreement between the two superpowers. While the Bank does not believe an invasion is imminent, China will continue to exert pressure on Taiwan through a combination of unprecedented military exercises and economic sanctions. Taiwan's importance is highlighted by the fact that it is by far the leading global producer of advanced microchips (over 90% of the market share).

Closer to home, Canada is also dealing with some tensions. Until recently, India represented an alternative to China as a potential trading partner against a backdrop of persistent tensions with the Middle Kingdom (detention of two Canadians in China and Chinese interference in Canadian elections). However, Ottawa's accusations that the Indian government was involved in the murder of a Canadian citizen have soured relations with India, and the conflict could affect companies that have forged trade links or made investments there. However, the potential for confrontation does not end there, as protectionism is gaining popularity, and a growing number of countries are implementing measures to both financially support domestic businesses in key sectors (high tech, health care, and food) and to protect them against global competition through business restrictions. The combined effects of supply shortages experienced during the COVID-19 pandemic and geopolitical tensions have shifted the focus from efficiency to supply security.

In addition, the combined effect of climate change and armed conflict could lead to massive involuntary migration, which has already risen sharply in recent years. This could have economic and political repercussions, with Europe being particularly vulnerable. Lastly, with rising debt levels and interest rates, some governments could face a dilemma as they try to satisfy public demands to maintain social safety nets and respond to pressure from the financial markets to improve their fiscal balance, causing political tensions in the developed countries. The Bank will continue to monitor all of these developments, analyse any new risks that arise, and assess the impacts that they may have on the organisation.

Nevertheless, the Bank's revenues could be affected by the economic, geopolitical and business conditions prevailing in the countries in which it operates, including as a result of the strength of the economy and inflation, the credit conditions of businesses, financial market and exchange rate fluctuations, monetary policy trends and interest rates. All of these factors affect the business, geopolitical and economic conditions in a given geographic region and, consequently, affect the Bank's level of business activity and resulting earnings in that region. Although some risks may seem remotely related to the Bank's business context, strong global economic and financial integration requires a vigilant approach.

(g) ***The Bank's revenues and earnings may be affected by changes in Canadian real estate market and Canadian household indebtedness.***

With interest rates remaining high and central banks continuing to be concerned about inflation, it is normal to wonder how these circumstances are affecting Canadian households with high levels of debt. Canadian household debt, on a global scale, is high in relation to disposable income, as is the case in other countries with generous social safety nets. In recent years, policymakers have introduced a number of financial stability measures to limit Canadian household debt. This has paid off, as shown by the debt ratio, which had been relatively unchanged since 2016 and has decreased since the start of monetary policy tightening. Nonetheless, indebted households are feeling the impact of high interest rates. For now, job layoffs have remained limited, which cushioned late payments on loans, but the Issuer is not immune to a potential recession that could make matters worse. The Issuer offers variable rate/variable payment mortgage loans. This means that clients in this situation have been able to gradually adjust their budgets since the start of the multiple rate hikes and avoid an overly high payment shock when they renew their mortgage term, as is the case for borrowers that have variable rate/fixed payment mortgages with other lending institutions.

Soaring house prices have been one of the causes of the country's high indebtedness since the early 2000s. For the time being, property prices have been resilient in the face of rising interest rates, since their impact has been offset by record population growth over the past few quarters. But, as mentioned above, a less buoyant job market could push the real estate sector into another slump. A severe recession could cause house prices to plunge, giving rise to an increase in strategic defaults. Lower debt levels in Quebec compared to the rest of Canada, due to more affordable housing prices, combined with the fact that the province has a higher percentage of households where both spouses are employed, helps limit the Issuer's exposure to a significant increase in credit risk.

The Issuer takes all these risks into account when establishing lending criteria and estimating allowances for credit losses. It should be noted that borrowers are closely monitored on an ongoing basis, and portfolio stress tests are conducted periodically to detect any vulnerable borrowers. The Issuer proactively contacts those who are identified and proposes appropriate solutions to enable them to continue to meet their commitments.

However, despite these measures, there can be no guarantee that borrowers will not default on their loans, which could have an effect on the Issuer's revenue and earnings.

(h) ***The Bank faces intense competition in all aspects of its business from established competitors and new entrants in the financial services industry.***

The level of competition in the Bank's markets has an impact on its performance. Retaining clients hinges on several factors, including the prices of products and services, quality of service, and changes to the products and services offered.

On the one hand, the Bank's financial performance depends on its ability to develop and market new and innovative products and services, adopt and develop new technologies that help differentiate its products and services and generate cost savings, and market these new products and services at the right time and at competitive prices. On the other hand, failure to properly review critical changes within the business before and during the implementation and deployment of key technological systems or failure to align client expectations with the Bank's client commitments and operating capabilities could adversely affect the Bank's business, operating results, financial position and reputation.

(i) ***The Bank may have more limited ability to acquire or defend intellectual property rights.***

The Bank adopts various strategies to protect its intellectual property rights in connection with the financial services it provides. However, the protection measures that it may obtain or implement do not guarantee that it will be able to dissuade or prevent anyone from infringing on its rights or to obtain compensation when infringement occurs. Moreover, the goods and services developed by the Bank are provided in a competitive market where third parties could hold intellectual property rights prior to those held by the Bank. In addition, financial technologies are the subject of numerous developments in intellectual property and patent applications, both in Canada and internationally. Therefore, in certain situations, the Bank could be limited in its ability to acquire intellectual property rights, develop tools, or market certain products and services. It could also infringe rights of third parties, which could lead to legal action brought against the Bank.

(j) ***The Bank's ability to attract and retain key resources may affect the Bank's future performance.***

The Bank's current and future performance depends greatly on its ability to recruit, develop and retain key resources. Overall, attracting and retaining personnel improved in 2024 compared to 2023 and 2022. These results are explained by contextual factors such as immigration and higher unemployment. Challenges remain for some administrative and client-facing positions, and targeted actions are taken for these groups. Despite the improved ability to attract and retain key talents, the Bank continues to monitor this risk. Reports are submitted quarterly to the Board's Human Resources Committee. In addition, the Bank has made significant improvements to its talent recruiting, integration and development processes. A new recruitment experience was deployed in 2024 and will continue to be enhanced. There is no assurance that the Bank or a business acquired by the Bank will be able to continue recruiting or retaining people with specific expertise.

(k) ***The Bank is exposed to international risks which may affect future results.***

Through the operations of some of the Bank's units (mainly its New York and London offices) and subsidiaries in Canada and abroad (in particular, Credigy Ltd., NBC Global Finance Limited and Advanced Bank of Asia Limited), the Bank is exposed to risks arising from its presence in international

markets and foreign jurisdictions. While these risks do not affect a significant proportion of the Bank's portfolios, their impact must not be overlooked, especially those that are of a legal or regulatory nature. International risks can be particularly high in territories where the enforceability of agreements signed by the Bank is uncertain, in countries and regions facing political or socio-economic disturbances, or in countries that may be subject to international sanctions.

Generally speaking, there are many ways in which the Bank may be exposed to the risks posed by other countries, not the least of which being foreign laws and regulations. In all such situations, it is important to consider what is referred to as "country risk". Country risk affects not only the activities that the Bank carries out abroad, but also the business that it conducts with non-resident clients as well as the services it provides to clients doing business abroad, such as electronic funds transfers, international products and transactions made from Canada in foreign currencies.

As part of its activities, the Bank must adhere to anti-money laundering and anti-terrorist financing (AML/ATF) regulatory requirements in effect in each jurisdiction where it conducts business. It must also comply with the requirements pertaining to current international sanctions in these various jurisdictions. Money laundering and terrorist financing is a financial, regulatory, and reputation risk.

The Bank is exposed to financial risks outside Canada and the United States, primarily through its interbank transactions on international financial markets or through international trade finance activities. This geographic exposure represents a moderate proportion of the Bank's total risk. To control country risk, the Bank sets credit concentration limits by country and reviews and submits them to the Board for approval upon renewal of the Credit Risk Management Policy. These limits are based on a percentage of the Bank's regulatory capital, in line with the level of risk represented by each country, particularly emerging countries. The risk is rated using a classification mechanism similar to the one used for credit default risk. In addition to the country limits, authorisation caps and limits are established, as a percentage of capital, for the world's high-risk regions, i.e., essentially all regions except for North America, Western European countries and the developed countries of Asia.

Despite the Bank's programmes, it is not possible for the Bank to prevent exposure entirely which could affect its future results.

(l) *Environmental, social and governance (ESG) approach and climate change.*

Environmental and social risk is the possibility that environmental and social matters would result in a financial loss for the Bank or affect its business activities. Environmental risk consists of many aspects, including the use of energy, water, and other resources; climate change; and biodiversity. Social risk includes, for example, considerations relating to human rights, including those of Indigenous Peoples, accessibility, diversity, equity and inclusion; the Bank's human capital management practices, including work conditions and the health, safety and well-being of the Bank's employees.

(i) ESG

A rapidly changing global regulatory environment, increased expectations and scrutiny from regulatory agencies and other associations, and potential imbalances among their requirements represent challenges, as do stakeholders' expectations and their differing views about the Bank's environmental and social priorities and actions. The Bank's reputation could also be affected by its action or inaction or by a perception of inaction or inadequate action on environmental and social matters, particularly regarding the progress made. All these factors can lead to greater exposure to reputation risk, regulatory compliance risk, and strategic risk.

These past few years also saw the emergence of a new environmental risk issue, i.e. the potential financial repercussions of climate change on biodiversity, ecosystems, and ecosystemic services. Financial system participants were called upon by the PRB Biodiversity Community initiative of the United Nations Environment Programme Finance Initiative (UNEP-FI), of which the Bank is a member. As this environmental risk issue begins to emerge, the Bank will continue to closely monitor

the various initiatives and contribute to deliberations about potentially incorporating this issue into both investment and credit-granting decisions. The Bank's Risk Management Group closely monitors changes in trends and calculation methods and actively participates in various industry discussion groups. In addition, an internal Nature Working Group has been set up. This group is responsible for developing expertise and sharing best practices.

On 7 March 2023, the Office of the Superintendent of Financial Institutions (the "**OSFI**") published guideline B-15 Climate Risk Management, which sets out OSFI's expectations regarding climate risk. The guideline is OSFI's first supervisory framework dedicated to climate change and that addresses the impacts of climate change on managing the risks existing in the country's financial system. It covers two main topics: Governance and financial disclosures. The guideline took effect for domestic systemically important banks ("**D-SIBs**") at the end of fiscal year 2024.

On 18 December 2024, the Canadian Sustainability Standards Board published its first Canadian Sustainability Disclosure Standards ("**CSDS**"). CSDS 1 – General Requirements for Disclosure of Sustainability-related Financial Information and CSDS 2 – Climate-related Disclosures, which are aligned with IFRS S1 – General Requirements for Disclosure of Sustainability-related financial Information and IFRS S2 – Climate-related Disclosures, retain the proposals included in the exposure drafts published on 13 March 2024, and include additional transition relief measures for certain disclosure requirements. CSDS will be applicable to D-SIBs at the end of fiscal 2026, and transitional relief measures will postpone certain disclosure requirements until the end of fiscal 2029. Disclosure under CSDS will be voluntary until mandated by the CSA. On 23 April 2025, the CSA announced that it was pausing its work on projects related to mandatory climate-related disclosure and amendments to existing diversity disclosure requirements. The CSA will monitor regulatory developments and revisit these two projects in the coming years. On 7 March 2025, OSFI released an update to Guideline B-15, Climate Risk Management. Key changes include the deferral of the Scope 3 greenhouse gas emissions disclosure requirement and clarification of expectations regarding asset management activities.

(ii) Climate change

The Issuer has identified two types of direct climate-change-related risks, *i.e.* physical risks and transition risks. Physical risks refer to the potential impacts of more frequent and more intense extreme weather events and/or of chronic changes in weather conditions on physical assets, infrastructures, the value chain, productivity, and other physical aspects. Transition risks refer to the potential impacts of moving toward a low-carbon economy (such as technological changes, behavioural changes by consumers, or political or public policy shifts designed to reduce greenhouse gas emissions through taxes or incentives) as well as to regulatory changes made to manage and support such an economy.

Climate risk could have an impact on the traditional risks that are inherent to a financial institution's operations, including credit risk, market risk, liquidity and funding risk, and operational risk, among others.

In addition, a rapidly evolving global regulatory environment, the commitments and frameworks to which the Bank adheres, and stakeholder expectations concerning disclosures could lead to reputation risks and regulatory compliance risk, particularly due to potential imbalances among their requirements, in addition to increasing the risk of lawsuits. The publication of many regulatory standards and projects, such as OSFI's guideline B-15, Climate Risk Management, the standards of the ISSB, designed to establish a financial disclosure framework addressing sustainability and climate; and the CSA's proposed *National Instrument 51-107 – Disclosure of Climate-related Matters*, are an illustration.

It is possible that the Issuer's or its clients' business models fail to align with a low-carbon economy or that their responses to government strategies and regulatory changes prove inadequate or fail to achieve the objectives within the predetermined deadlines. Another possibility is that events caused by physical risks prove catastrophic (extreme episodes) or that there are adaptability issues (chronic

episodes). As such, these risks could result in financial losses for the Issuer, affect its business activities and how they are conducted, harm its reputation and increase its regulatory compliance risk, or even affect the activities and financial position of the clients to whom it offers financial services.

The actual impacts of these risks will depend on future events that are beyond the Issuer's control such as the effectiveness of targets set by government climate strategies or regulatory developments. The Issuer must therefore devote special attention to reducing its exposure to these factors and, at the same time, to seizing new growth opportunities. Its strategies and policies have therefore been designed to consider climate risks while also supporting the transition to a low-carbon economy. The Issuer strives to support and advise its clients in their own transition. From this perspective, the Issuer continues to deliver climate risk management training across the organisation, in particular among front-line employees who have direct contact with clients.

The Issuer continues to closely monitor regulatory developments, evolving frameworks, commitments and stakeholder expectations, so that it can enhance its climate change risk management framework and further adapt its disclosures.

(m) ***Reliance on technology and third-party providers may affect the Bank's ability to serve and retain its clients***

The Bank's clients have higher expectations regarding the accessibility to products and services on various platforms that house substantial amounts of data. To meet those client expectations diligently, and respond to the rapid pace of technological changes and the growing presence of new actors in the banking sector, the Bank makes significant and ongoing investments in its technology while maintaining the operational resilience and robustness of its controls. Inadequate implementation of technological improvements or new products or services could significantly affect the Bank's ability to serve and retain clients.

Third parties provide essential components of the Bank's technological infrastructure such as Internet connections, access to networks and other communication services. The Bank also relies on the services of third parties to support certain business processes and to handle certain IT activities. An interruption of these services or a breach of security could have an unfavourable impact on the Bank's ability to provide products and services to its clients and on its operational resilience, not to mention the impact that such events would have on the Bank's reputation. The systemic concentration of third parties and subcontractors of the Bank's third parties also increases the risk of disruption across the banking industry, and the geographic concentration of third parties could generate disruptions caused by other risks, such as natural disasters, weather and geopolitical events. To mitigate these risks, the Bank has a third-party risk management framework that includes various validations in terms of information security, financial health, beneficiary and entity screening, regulatory compliance, business continuity, internal and systemic concentration, execution, privacy, etc. that are carried out both before entering into an agreement and throughout its life. The extent of the due diligence review is also based on the specific features of the agreement and is commensurate with the level of risk of the agreement. The framework also includes business continuity and technological succession plans, as well as exit or contingency plans to ensure effectiveness in the event critical suppliers are not available. A governance and accountability structure has also been established to support decision-making based on sound risk management.

Despite these preventive measures and the efforts deployed by the Bank to manage third parties, it is possible that some risks may materialise. In such cases, the Bank would rely on mitigation mechanisms developed in collaboration with the various concerned agreement owners and third parties. As the industry is facing a broader ecosystem of third parties, OSFI issued a new version of its *Third-Party Risk Management Guideline (B-10)*, which has been in effect since 1 May 2024.

Mindful of the significance of third-party risk, the Bank makes sure that its third-party management practices and policies evolve in collaboration with its financial sector partners and with regulatory authorities.

(n) Economic Risk

Global economic growth remains relatively healthy, but still seems to have slowed down in recent months. Once again, the manufacturing sector is the source of this downturn, as the worldwide demand for goods continued to wane after the post-pandemic rush. Geographically, the eurozone and China are the main areas responsible for the tempered growth. In the single currency zone, the consequences of the invasion of Ukraine by Russia are still felt, especially in Germany, where energy price increases accelerated the erosion of the industrial base and resulted in gross domestic product stagnation and a rise in the unemployment rate. The determination of the central bank to reduce key interest rates is certainly good news, but due to the significant lag in the transmission of the monetary policy, it may be a long time before the actions of the European Central Bank succeed in boosting growth once and for all. China continues to face a painful deleveraging process in the real estate sector that undermines household confidence and could lead to an international reduction in commodities demand. Low inflation, or even negative inflation, is a factor to monitor, not only because it reflects weak domestic demand, but also because a potential entrenchment of deflation could make debt service more challenging in the world's second largest economy.

Even in the United States, where growth remains solid, some risk factors persist, such as the lagged effects of the monetary policy tightening or the regional banks' exposure to commercial real estate. The growing popularity of protectionist policies on both sides of the political aisle is another source of concern, as it may strain further commercial relations with China.

While the economic risks mentioned up to this point are more short-term, there are other risks that are longer term, such as the significant deterioration of the fiscal position of many countries. Many governments became much more indebted during the pandemic and are now facing an interest payment shock as bonds come due. Government financing needs will be considerable in the years to come, with demographic changes, the fight against climate change, and reindustrialisation all risking to exacerbate the pressure on public finances. There is reason to believe that investors could demand compensation for financing more fragile governments. This could limit the power of governments to act in the event of economic weakness.

Lastly, climate issues are an added risk in the current context. If too few measures are adopted on the climate front, severe weather events will intensify and result in economic woes over the long term. Conversely, a too-swift transition could result in other risks, particularly short- and medium-term costs and rising pressure on production costs.

In short, given the ongoing uncertainties in this economic environment, the Bank remains vigilant in the face of numerous factors and will continue to rely on its strong risk management framework to identify, assess, and mitigate the negative impacts while also remaining within its risk appetite limits.

Despite the Bank's sustained effort, these economic risks may adversely affect the macro-economic and financial market conditions relevant to the Issuer, consequently, negatively impacting the Issuer's business, operating results and financial position.

1.4 Legal, regulatory and reputational risk**(a) Legislative and regulatory amendments and changes to guidelines in the jurisdictions where the Bank operates could affect the Bank's results.**

The Bank operates in a highly regulated industry. Regulatory compliance risk is the risk of the Bank or of one of its employees or business partners failing to comply with the regulatory requirements in effect where it does business, both in Canada and internationally. Regulatory compliance risk is present in all of the daily operations of each Bank segment. Changes in regulatory and legal frameworks are a significant potential risk factor for the Bank. Various laws, regulations and other guidelines have been introduced by governments and regulatory bodies to protect the interests of the general public as well as the Bank's clients, employees and shareholders.

The Bank has been actively monitoring the following regulatory amendments, legal developments and changes to guidelines:

(i) Reform of interest rate benchmarks

The reform of interest rate benchmarks is a global initiative that is being coordinated and led by central banks, industry groups, and governments around the world, including Canada. The objective is to improve benchmarks by ensuring that they meet robust international standards. LIBOR (London Interbank Offered Rates) was discontinued, and risk-free rates such as SOFR (Secured Overnight Financing Rate), €STR (Euro Short-Term Rate), SONIA (Sterling Over Night Index Average), SARON (Swiss Average Rate Overnight), and TONAR (Tokyo Overnight Average Rate) replaced LIBOR. On 31 December 2021, all LIBOR (London Interbank Offered Rates) rates in European, British, Swiss, and Japanese currency as well as the one-week and two-month USD LIBOR rates were discontinued, whereas the other USD LIBOR rates were discontinued as of 30 June 2023. The LIBOR rate administrator (ICE Benchmark Administration Ltd.) will continue to publish a "synthetic" version of LIBOR in British currency for three-month maturities until 28 March 2024, and in U.S. currency for 1-month, 3-month and 6-month maturities until 30 September 2024, for certain contracts that could not be remedied (commonly known as tough legacy contracts). In Canada, publication of CDOR (Canadian Dollar Offered Rate) was discontinued on 28 June 2024 and replaced by the risk-free rate CORRA (Canadian Overnight Repo Rate Average). A forward-looking rate, the 1-month and 3-month Term CORRA has also been available for certain financial products since 5 September 2023. For additional information, see the Basis of Presentation section in Note 1 to the consolidated financial statements for the year ended 31 October 2024 incorporated by reference into this Base Prospectus and the Section entitled "*Risk factors associated with the Securities—Risks associated with Securities linked to one or more Underlyings—Risks associated with Securities linked to Interest Benchmarks*" below in this Base Prospectus.

(ii) Reform of the *Official Languages Act* (Canadian federal law)

The purpose of Bill C-13, *An Act to amend the Official Languages Act, to enact the Use of French in Federally Regulated Private Businesses Act and to make related amendments to other Acts* is to provide a new legal framework and support the official languages of Canada. It modernises the *Official Languages Act* by giving new powers to the Commissioner (compliance agreements, orders, penalties, etc.) to protect the language rights of Canadians. It also introduces a new law that confers rights and obligations on federal businesses regarding language of service (consumers) and language of work in Quebec and in other regions of Canada with a strong francophone presence, in which the Bank has significant operations. The bill was assented to on 20 June 2023. The amendments to the *Official Languages Act* then came into effect (the new Act will come into effect by order-in-council at a later date).

(iii) Amendments to the *Charter of the French Language* (Quebec)

Bill 96, *An Act respecting French, the official and common language of Québec*, made amendments to the Charter of the French Language and other legislation. The objectives consist mainly of strengthening the presence and use of the French language in Quebec and affirming that French is the only official language of Quebec, in which the Bank has significant operations. Among the major themes addressed were the language of work, the language of commerce and business (including new requirements for contracts of adhesion and commercial advertising), the francisation committees of businesses, and procedures for publishing rights and disputes. Bill 96 was assented to on 1 June 2022, when several provisions entered into effect. Other provisions entered into effect on 1 September 2022 (publication of rights and disputes) and on 1 June 2023 (contracts of adhesion), while certain provisions relating to commercial advertising came into effect on 1 June 2025.

(iv) *Guideline on Existing Consumer Mortgage Loans in Exceptional Circumstances* (Guideline)

On 5 July 2023, the Financial Consumer Agency of Canada published, with immediate effect, its *Guideline on Existing Consumer Mortgage Loans in Exceptional Circumstances*. This guideline sets out the expectations of the Financial Consumer Agency of Canada for federally regulated financial institutions to contribute to the protection of consumers of financial products and services by providing tailored support to natural persons with an existing residential mortgage loan on their principal residence who are experiencing severe financial stress, as a result of exceptional circumstances, and are at risk of mortgage default. These exceptional circumstances include the current combined effects of high household indebtedness, the rapid rise in interest rates, and the increased cost of living. The Financial Consumer Agency of Canada expects federally regulated financial institutions to consider all available mortgage relief measures and to adopt an approach that reflects the personal circumstances of consumers and their financial needs.

(v) Protection of personal information

Given changing technologies and societal behaviours, privacy and the protection of personal information is a topical issue in Canada. Recent regulatory measures (such as the *General Data Protection Regulation* (GDPR) in Europe in 2018 and the California Consumer Privacy Act in the United States in 2020) reflect a desire to implement a stronger legislative framework in the areas of confidentiality and use of personal information. In Quebec, most of the obligations of the new Act 25, *An Act to modernize legislative provisions as regards the protection of personal information*, came into effect in September 2023, introducing substantial changes regarding the protection of personal information. Essentially, the Act promotes transparency, raises the confidentiality level of data, and provides a framework for the collection, use, and sharing of personal information. At the federal level, Bill C-27, tabled in June 2022, enacts three new laws: the *Consumer Privacy Protection Act*, the *Personal Information and Data Protection Tribunal Act*, the *Artificial Intelligence and Data Act*. The latter act is the first bill designed to regulate artificial intelligence in Canada. Still at the federal level, members of industry, regulatory agencies, and consumer advocates were consulted to help design and establish the pillars of an open banking system, which aims to enable consumers to transfer their financial data between financial institutions and accredited third parties in a secure and user-friendly manner.

(vi) *Pay Equity Act*

Under the federal *Pay Equity Act*, which came into effect on 31 August 2021, employers with more than ten employees are required to develop a pay equity plan that identifies and corrects gender-based wage gaps by 3 September 2024 (if they had 10 employees or more on 31 August 2021) or within three years of reaching the applicable 10-employee threshold. The purpose of the Act is to achieve pay equity through proactive means by redressing the systemic gender-based discrimination in the compensation practices and systems of employers that is experienced by employees who occupy positions in predominantly female job classes. This Act seeks to ensure that employees receive equal compensation for work of equal value, while taking into account the diverse needs of employers and then to maintain pay equity through proactive means. Employers with over 100 employees such as the Issuer must prepare (and maintain) their pay equity plan in a joint employer-employee pay equity committee.

(vii) Recovery and resolution planning

As part of the regulatory measures used to manage systemic risks, D-SIBs are required to prepare recovery and resolution plans. A recovery plan is essentially a roadmap that guides the recovery of a bank in the event of severe financial stress; conversely, a resolution plan guides its orderly wind-down in the event of failure when recovery is no longer an option. The Bank improves and periodically updates its recovery and resolution plans to prepare for these high-risk, but low-probability, events. In addition, the Bank and other D-SIBs continue to work with the Canadian Deposit Insurance

Corporation to maintain a comprehensive resolution plan that would ensure an orderly winding down of the Bank's operations.

(viii) *Section 871(m) – Dividend equivalent payments*

Section 871(m) of the US Internal Revenue Code of 1986, as amended (the "**Code**") aims to ensure that non-U.S. persons pay tax on payments that can be considered dividends on U.S. shares when these payments are made on certain derivative instruments. The derivative instruments, such as the Securities, for which the underlyings are U.S. shares (including US exchange-traded funds) or "non-qualified indices" are therefore subject to the withholding and reporting requirements. The effective date of certain aspects of these regulations, as well as some of the obligations of Qualified Derivatives Dealers under section 871(m) of the Code and the Qualified Intermediary Agreement, have been postponed until 1 January 2027. Given that the US Internal Revenue Service is still expected to issue clarifications to enable institutions to comply with these requirements, the industry will be making efforts to have the effective date postponed further.

(ix) *US Foreign Account Tax Compliance Act and Common Reporting Standard*

The US law addressing foreign account tax compliance (*Foreign Account Tax Compliance Act* or FATCA) and the international regulation *Common Reporting Standard* (CRS), incorporated into the Income Tax Act (Canada), are intended to counter tax evasion by taxpayers through the international exchange of tax information reported annually by Canadian financial institutions such as the Bank to the Canada Revenue Agency. On 23 August 2023, clarifications were provided regarding the application of certain guidelines in these regulations.

(x) *Publicly traded partnerships (PTP)*

On 7 October 2020, the US Internal Revenue Service and the US Department of the Treasury issued new regulations under section 1446(f) of the Code regarding the application of withholding tax to non-U.S. persons (individuals and corporations) holding interests in a publicly traded partnership (PTP) related to a trade, business, or activity in the United States and generating income effectively connected to a US business (US ECI). Under these new rules, which came into effect on 1 January 2023, a broker, such as the Bank, carrying out a distribution of a PTP must collect withholding tax on any distribution of US ECI paid to non-U.S. investors as well as on the proceeds of disposition upon sale or transfer.

(xi) *Proposed rules on sales and exchanges of digital assets by brokers*

In August 2023, the US Department of the Treasury published proposed regulations on broker sales and exchanges of digital assets. Brokers, such as the Bank, are required to report the gross proceeds from sales of digital assets effected on or after 1 January 2025. Reporting on an adjusted basis will be required for sales effected on or after 1 January 2026.

(xii) *One-day settlement cycle*

Canada and the United States have agreed to shorten the standard securities settlement cycle from two days to one day after the trade date (from T+2 to T+1). The US Securities and Exchange Commission has set 28 May 2024 as the transition date to T+1 for US participants. Given the interconnectedness of North American markets and the scope of interlisted securities traded on the Canadian and US markets, Canadian stakeholders have chosen 27 May 2024 as the transition date to T+1 in Canada.

In December 2022, the Canadian Securities Administrators (the "**CSA**") published for comment proposed amendments to *National Instrument 24-101 – Institutional Trade Matching and Settlement* (NI 24-101) to support the transition to T+1. The goal of the proposed amendments is to shorten the standard settlement cycle and, in particular, permanently repeal the exception reporting requirements set out in Part 4 of NI 24-101. To this end, in June 2023, the CSA published *Coordinated Blanket Order 24-930, Exemption from Certain Filing Requirements of National Instrument 24-101*. In August 2023, the CSA published *Staff Notice 24-319 – Regarding National Instrument 24-101 Institutional*

Trade Matching and Settlements – Update and Staff Recommendation. The CSA intends to recommend that the respective decision-makers of the member jurisdictions adopt a revised version of the proposed amendments that would include a trade-matching deadline of 3:59 a.m. Eastern Time on the day after the trade. The CSA also published *Staff Notice 81-335 – Investment Fund Settlement Cycles*, in which it announced that it does not propose to amend *National Instrument 81-102 – Investment Funds* to shorten the settlement cycle so that investment funds will have the flexibility to determine whether such a cycle is suitable for them. In April 2023, the Canadian Investment Regulatory Organization also published amendments to support the securities industry's transition to the T+1 settlement cycle.

(xiii) *Canadian Investment Regulatory Organization (CIRO)*

The CSA created a new self-regulatory organisation that, among other things, combines the functions of the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada. This new organisation, which exercises oversight functions with respect to the Bank, has been operating since 1 January 2023. The new organisation officially changed its name to the Canadian Investment Regulatory Organization (CIRO) on 1 June 2023.

(xiv) *Accessible Canada Act*

The Act was adopted in June 2019. The purpose of the Act is to make Canada a barrier-free country by 1 January 2040. The Bank published its accessibility plan on 31 May 2023.

(xv) *Client Relationship Model (Phase 3) – Amendments to National Instrument 31-103*

In April 2023, the CSA published the final version of changes designed to enhance disclosure requirements on the cost of investment funds and to impose new disclosure requirements on the cost and performance of individual variable insurance contracts (segregated fund contracts). All dealers, advisers, registered investment fund managers, and insurers offering segregated fund contracts are affected by these new requirements, which will come into effect on 1 January 2026.

(xvi) *Prohibition on the Purchase of Residential Property by Non-Canadians Act*

On 1 January 2023, the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* came into effect. The purpose of this law is to help Canadians access the property market and to reduce speculative purchasing that risks raising the prices of properties in some already overheated markets. On 27 March 2023, the Act was amended to relax rules and conditions permitting non-Canadians who want to live in Canada to purchase a residential building. In January 2023, OSFI launched a public consultation on Guideline B-20 – Residential Mortgage Underwriting Practices and Procedures, starting with an initial consultation on debt servicing measures in order to mitigate the risk arising from the high consumer debt levels. As a follow-up to the public consultation, an industry response coordinated by the Canadian Bankers Association was submitted to OSFI on 14 April 2023. On 5 February 2024, the *Prohibition on the Purchase of Residential Property by Non-Canadians Act*, which was to be in effect until 1 January 2025, was extended until 1 January 2027.

(xvii) *Regulatory Developments from OSFI*

On 28 June 2022, OSFI published a new advisory that complements the expectations set out in guideline B-20. This advisory addresses combined loan plans, which are an innovative product that have become the main uninsured real estate secured lending offering and are also offered by the Bank. The most significant concern with these products is the re-advanceability of credit above the 65% loan-to-value ratio. To satisfy OSFI's regulatory expectations, on 27 August 2023 the Bank made changes to its All-In-One line of credit for circumstances where the authorised credit limit exceeds 65% of the value of the financed property at the time of granting. Holders of certain All-In-One products can no longer access, on a revolving credit basis, the full principal paid on their mortgage loan.

On 7 November 2022, OSFI published a new guideline entitled *Assurance on Capital, Leverage and Liquidity Returns*. OSFI relies largely on the regulatory returns produced by financial institutions when

assessing their safety and soundness. The purpose of this guideline is to better inform auditors and institutions on the work to be performed on regulatory returns in order to clarify and align OSFI's assurance expectations across all financial institutions. In particular, the guideline addresses the assurance that must be provided by an external audit, attestation by senior management, the assurance that must be provided by an internal audit, and the effective dates. For D-SIBs, the internal audit assurance requirements regarding the capital, leverage and liquidity returns commence as of fiscal year 2023, the senior management attestation and internal review requirements apply as of fiscal year 2024, and the external audit assurance requirements apply as of fiscal year 2025.

On 15 December 2022, OSFI confirmed the qualifying rate for uninsured mortgages (*i.e.* residential mortgages with a down payment of 20% or more) will remain as the greater of the mortgage contract interest rate plus 2% and a minimum floor of 5.25%. OSFI is well aware that the country's economic recovery must be backed by a strong financial system capable of supporting the Canadian population in the current environment and that real estate market conditions in Canada could heighten the financial risk weighing on lenders. The minimum qualifying interest rate provides an additional level of safety to ensure that borrowers would have the ability to make mortgage payments should circumstances change, *e.g.* in the case of reduced income or a rise in interest rates.

On 1 April 2023, revisions to OSFI's *Liquidity Adequacy Requirements Guideline* came into effect. OSFI made changes that will improve the sensitivity to risk and ensure that financial institutions hold sufficient cash or other liquid investments to meet potential liquidity needs and to support the continued lending of credit, in particular during periods of financial stress.

Changes to these and other laws, regulations and other guidelines, including changes in their interpretation and application, could have a significant impact on the Bank's results. In particular, such changes could limit its product and service offering or enhance its competitors' ability to rival the Bank's offering with their own. Also, in spite of the precautions the Bank takes to prevent such an eventuality, failure to comply with laws, regulations and other guidelines could give rise to penalties and fines likely to have an adverse impact on its financial results and reputation.

(b) *Legal proceedings and judicial or regulatory orders, decisions or judgments against the Bank may adversely affect the Bank's results.*

The Bank takes reasonable measures to comply with the laws and regulations in effect in the jurisdictions where it operates. Still, the Bank could be subject to judicial or regulatory decisions resulting in fines, damages, or other costs or to restrictions likely to adversely affect its operating results or its reputation.

In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios, and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions, or other legal remedies of varied natures. More specifically, the Bank is involved as a defendant in class actions instituted by consumers contesting, *inter alia*, certain transaction fees or who wish to avail themselves of certain legislative provisions relating to consumer protection.

On 21 January 2019, the Quebec Superior Court authorised a class action against the Bank and several other Canadian financial institutions. The originating application was served to the Bank on 23 April 2019. The class action was initiated on behalf of consumers residing in Quebec. The plaintiffs allege that non-sufficient funds charges, billed by all of the defendants when a payment order is refused due to non-sufficient funds, are illegal and prohibited by the *Consumer Protection Act*. The plaintiffs are claiming, in the form of damages, the repayment of these charges as well as punitive damages.

It is impossible to determine the outcome of the claims instituted or which may be instituted against the Bank and its subsidiaries. The Bank estimates, based on the information at its disposal, that while the amount of contingent liabilities pertaining to these claims, taken individually or in the aggregate,

could have a material impact on the Bank's consolidated results of operations for a particular period, it would not have a material adverse impact on the Bank's consolidated financial position.

Provisions are liabilities for which the timing or amount are uncertain. A provision is recognised when the Bank has a present obligation (legal or constructive) arising from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated. The recognition of a litigation provision requires the judgment of the Bank's management in assessing the existence of an obligation, the timing and probability of loss, and estimates of potential monetary impact. Provisions are based on the Bank's best estimates of the economic resources required to settle the present obligation, given all available information and relevant risks and uncertainties, and, when it is significant, the effect of the time value of money. However, the actual amount required to settle litigation could be significantly higher or lower than the amounts recognised, as the actual amounts depend on a variety of factors and risks, notably the degree to which proceedings have advanced when the amount is determined, the presence of multiple defendants whose share of responsibility is undetermined, including that of the Bank, the types of matters or allegations in question, including some that may involve new legal frameworks or regulations or that set forth new legal interpretations and theories.

Nevertheless, although the Bank establishes provisions for the measures it is subject to under accounting requirements, actual losses resulting from such litigation could differ significantly from the recognised amounts, and unfavourable outcomes in such cases could have a significant adverse effect on the Bank's operating results. The resulting reputational damage could also affect the Bank's future business prospects.

(c) ***Tax law risks***

The tax laws applicable to the Bank are numerous, complex, and subject to amendment at any time. This complexity can result in differing legal interpretations between the Bank and the respective tax authorities with which it deals. In addition, legislative changes and changes in tax policy, including the interpretation thereof by tax authorities and courts, could affect the Bank's earnings. International and domestic initiatives may also result in changes to tax laws and policies, including international efforts by the G20 and the Organisation for Economic Co-operation and Development to broaden the tax base and domestic proposals to increase the taxes payable by banks and insurance companies.

(d) ***A failure to adequately manage risks may lead to reputational harm***

Reputation risk is the risk that the Bank's operations or practices will be judged negatively by the public, whether that judgment is with or without basis, thereby adversely affecting the perception, image, or trademarks of the Bank and potentially resulting in costly litigation or loss of income. Reputation risk generally arises from a deficiency in managing another risk. The Bank's reputation is rooted in the perception of its stakeholders, and the trust and loyalty they place in the Bank is core to the Bank's success as a financial services organisation. The Bank's reputation may, for example, be adversely affected by non-compliance with laws and regulations or by process failures or from a failure to maintain an effective control environment, exhibit good conduct and maintain appropriate culture practices.

(e) ***Canadian usury laws***

The Criminal Code (Canada) prohibits entering into an agreement or arrangement to receive "interest" at a "criminal rate" and the receipt of a payment or partial payment of "interest" at a "criminal rate". As of 1 January 2025, the "criminal rate" of interest is an annual percentage rate of interest that exceeds 35 per cent., subject to certain exemptions with respect to loans for commercial or business purposes not made to a natural person (commercial loans), including as follows: (a) commercial loans over \$500,000 are exempt from the criminal interest rate; and (b) commercial loans over \$10,000 but equal to or less than \$500,000 are subject to a criminal interest rate cap of an annual percentage rate of 48 per cent. Accordingly, the provisions for the payment of interest or a redemption amount in excess of

the aggregate principal amount of the Securities may not be enforceable if the principal amount of the Securities held by a Securities holder is less than or equal to \$500,000 and the provisions provide for the payment of "interest" in excess of the applicable criminal rate. If any Securities are found not to be enforceable in whole or in part as a result of such prohibition, holders of Securities may not be able to collect some or all of the amounts owing on such Securities.

2. Risk factors associated with the Securities

2.1 Risks associated with the Product Types of the Securities and rights of the Issuer under the Securities

(a) Risks relating to the Product Types

(i) *Specific Risks of Structured Securities with the Downside Feature "(Partially) Principal Protected Securities"*

(Partially) Principal Protected Securities offer a (partial) capital protection at the Redemption Date. The Investor may lose part or all of the initially invested amount if the Structured Securities are sold by the Investor before the Redemption Date (since the value of the Structured Securities during their lifetime may be lower than the amount of the capital protection due to market fluctuations).

(ii) *Specific Risk of Structured Securities with the Downside Feature "No Principal Protection Securities"*

No Principal Protection Securities may be redeemed for a Redemption Amount which may be less than the amount invested by an Investor. Depending on the condition for the application of the Downside Feature with respect to the Underlying(s), Investors could even lose all of their investment as a result of such a redemption, for example if the Final Reference Price of the Underlying(s) is zero.

(iii) *Specific Risks of Structured Securities with the Downside Feature "Barrier Securities"*

Barrier Securities may be redeemed for a Redemption Amount which may be less than the amount invested by an Investor if a Barrier Event occurs in relation to the Underlying(s). As a result of such a redemption, Investors could even lose all of their investment if the Final Reference Price of the Underlying(s) is zero.

(iv) *Specific Risks of Structured Securities with the Downside Feature "Buffer Securities"*

Buffer Securities may be redeemed for a Redemption Amount which may be less than the amount invested by an Investor if the Final Reference Price of the Underlying(s) is (i) below or (ii) equal to or below (depending on which is specified in the Issue Terms) the Buffer Threshold Value. As a result of such a redemption, Investors could even lose all of their investment if the Final Reference Price of the Underlying(s) is zero.

(v) *Specific Risks of Structured Securities with the Redemption Feature "Shark Fin"*

Shark Fin Securities may be redeemed for a Redemption Amount below the amount invested by an Investor if a Barrier Event occurs in relation to the Underlying(s). As a result of such a redemption, Investors could even lose all of their investment if the Final Reference Price of the Underlying(s) is zero.

(vi) *Specific Risks of Structured Securities with the Redemption Feature "Amortising"*

Securities with the Redemption Feature "Amortising" redeem the capital throughout the lifetime of the Security. The Investor may lose part or all of the initially invested

amount if the Structured Securities are sold by the Investor before the Redemption Date (since the value of the Structured Securities during their lifetime may be lower than the notional amount due to market fluctuations).

(vii) *Specific Risks of Structured Securities with the Redemption Feature "Restrike"*

Securities with the Redemption Feature "Restrike" may be redeemed for a Redemption Amount below the amount invested by an Investor. Depending on the cumulative performance of the Underlying, Investors could even lose all of their investment as a result of such a redemption.

(viii) *Specific Risks of Structured Securities with the Redemption Feature "Spread"*

Securities with the Redemption Feature "Spread" may be redeemed for a Redemption Amount below the amount invested by an Investor. Depending on the performance of the Underlying, Investors could even lose all of their investment as a result of such a redemption.

(ix) *Specific Risks of Structured Securities with the Redemption Feature "Drop-back Redemption"*

Securities with the Redemption Feature "Drop-back Redemption" may be redeemed for a Redemption Amount below the amount invested by an Investor. Depending on the performance of the Underlying and the occurrence of one or more Investment Events specified in the Issue Terms, Investors could even lose all of their investment as a result of such a redemption.

(x) *Specific Risks of Structured Securities in the form of Zero Coupon Securities*

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Securities than on the prices of ordinary securities because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Securities can suffer higher price losses than other securities having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Securities are a type of investment associated with a particularly high price risk.

(xi) *Specific Risks of Credit Linked Notes*

In this section, the specific risks of Credit Linked Notes are described as a sub-category of risk factors.

(A) Risk of loss upon the occurrence of a Credit Event

Credit Linked Notes are Securities in respect of which the Issuer has effectively bought abstract credit protection in relation to a single Reference Entity ("**Single Name Credit Linked Notes**") or more Reference Entities (Basket Credit Linked Notes, Nth-to-Default Credit Linked Notes or Tranching Credit Linked Notes) from the Investors. Payments to be made to Investors of such Credit Linked Notes or (in the case of Credit Linked Notes that provide for Physical Settlement) the Issuer's obligation to deliver certain specified obligations, will depend on the whether or not a Credit Event occurs with respect to such Reference Entities.

Accordingly, the Investors of Credit Linked Notes will be exposed not only to the credit risk of the Issuer under such Credit Linked Notes but also to the credit risk of one or more Reference Entities (being, in general terms, the risk that a given entity does not perform its financial obligations when due or

becomes insolvent). This exposure may be to the full extent of the investment in such Credit Linked Notes. Upon the occurrence of any of the events comprising a Credit Event with respect to any Reference Entity, the Investors may suffer significant losses or even a total loss.

Credit Events may also occur in the absence of a default, for example, as a result of a restructuring of indebtedness or the implementation of resolution or recovery proceedings with respect to a Reference Entity which is a financial institution or a bank ("**Financial Reference Entity**"). Investors should also note that a Credit Event is an abstract event and may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Investors should note that not all Credit Events applicable to specific Credit Linked Notes have easily ascertainable triggers and disputes can arise, and have arisen, as to whether a specific event did or did not constitute a Credit Event. Investors should therefore carefully review the applicable Credit Events and their definitions as set out in the relevant Issue Terms.

Please note that a change in currency or the exit from the Euro can constitute a Credit Event for a Reference Entity. That is the case if the change in currency reduces the duties of the Reference Entity under its obligations.

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 Credit Linked Notes at a reduced redemption amount or at zero, and, (if applicable) in a reduction of the amount on which interest is calculated, which reduction may be to zero.

Where Physical Settlement applies in respect of a Credit Linked Note, the occurrence of a Credit Event may result in the redemption of the Credit Linked Notes by delivery (or, in certain circumstances, valuation) 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 denominated amount.

Accordingly, investors in Credit Linked Notes are exposed, in respect of both principal and (if applicable) interest, to the credit risk of the Reference Entity or Reference Entities. The maximum loss an investor in Credit Linked Notes may sustain is 100 per cent. of their initial investment, together with (if applicable) any interest amounts.

This specifically means the following:

Single Name Credit Linked Notes

Interest after the occurrence of a Credit Event

The interest of the Credit Linked Notes may stop upon the occurrence of the Credit Event starting with the point in time set forth in the Issue Terms on which the interest accrual ceases. If the Credit Event occurs prior to the first Coupon Payment Date, the Securityholder may even not receive any interest for the Credit Linked Notes.

Redemption after the occurrence of a Credit Event

If a Credit Event has occurred with respect to the Reference Entity, this also has substantial effects on the redemption of the Credit Linked Notes. After the publication of the Credit Event Notice, the Redemption Amount of the Credit Linked Notes will not be repaid on the Scheduled Redemption Date. Instead, the Securityholder will receive very likely highly reduced payments or values based on the results of the Cash Settlement, Auction Settlement or Physical Settlement, as applicable.

The relevant settlement date can fall before or after the Scheduled Redemption Date.

Basket Credit Linked Notes

A Credit Event may occur with regard to the relevant Reference Entity. In this event, there can be a reduction of both the interest as well as the redemption amount of the Credit Linked Notes.

This specifically means the following:

Reference Entity Weighting

In order to be able to evaluate the effective Credit Events in the case of Credit Linked Notes with multiple Reference Entities, the Investor has to pay attention to the following:

A weighting applies for each Reference Entity in the case of Credit Linked Notes with multiple Reference Entities. The weighting of each Reference Entity will be specified in the Issue Terms.

After the occurrence of a Credit Event with respect to one or more Reference Entities, the following applies: The daily Outstanding Notional Amount is the basis for calculating the future interest. The daily Outstanding Notional Amount initially corresponds to the notional amount as reduced from time to time by an amount reflecting the Reference Entity Notional Amount of those Reference Entities for which a Credit Event has occurred.

Interest after the occurrence of a Credit Event

The interest on the Credit Linked Notes is reduced after the occurrence of a Credit Event starting at the point in time specified in the Issue Terms.

If a Credit Event occurs with respect to all Reference Entities prior to the first Coupon Payment Date, the Securityholder may even not receive any interest for the Credit Linked Notes.

Redemption after the occurrence of a Credit Event

If a Credit Event has occurred with respect to one or more Reference Entities, this also has substantial effects on the redemption of the Credit Linked Notes. After the publication of the Credit Event Notice, the Redemption Amount of the Credit Linked Notes will no longer be repaid on the Scheduled Redemption Date. Instead, the Investor will receive in respect of the affected Reference Entities very likely highly reduced payments or values based on the results of the Cash Settlement, Auction Settlement or Physical Settlement, as applicable.

- (B) Increased risks of Zero Recovery Credit Linked Notes or where a specified Final Price is applicable

Where the Credit Linked Notes are Zero Recovery Credit Linked Notes, if a Credit Event occurs in respect of a Reference Entity, Securityholders will automatically lose an amount in principal or notional amount of the Credit Linked Note equal to the portion of the Credit Linked Note which is allocated to the credit risk of the affected Reference Entity, regardless of any recoveries on any obligations of the Reference Entity which would have been determined in the absence of the "Zero Recovery" feature.

Likewise, if the Final Price is specified in the Issue Terms in relation to Credit Linked Notes, such fixed Final Price may be lower (and may be significantly lower) than the recovery which an investor in bonds or instruments issued by such Reference Entity would receive.

Accordingly, in case of Single Name Credit Linked Notes which are Zero Recovery Credit Linked Notes, the occurrence of a Credit Event results in a total loss of the amount invested.

- (C) Increased credit risks associated with Nth-to-Default Credit Linked Notes

Where the Credit Linked Notes have multiple Reference Entities and are Nth-to-Default Credit Linked Notes, the Credit Linked Notes will be subject to credit linked redemption in full as described above upon the occurrence of a Credit Event in relation to the nth Reference Entity, i.e. if N is set as one, in relation to the first Reference Entity (1st-to-Default Credit Linked Notes).

The credit risk to Securityholders may therefore 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.

- (D) Additional credit risks associated with Basket Credit Linked Notes

Where the Credit Linked Notes are Basket Credit Linked Notes and a "Distribution End Date" (the "**Distribution End Date**") is specified in the Final Terms, the Final Terms shall specify whether "Distribution Period Redemption", "Redemption at Maturity" or "Distribution Period Event Determination Date Disapplication" applies. If "Distribution Period Redemption" applies and an Event Determination Date occurs on or prior to the Distribution End Date, Securityholders of such Credit Linked Notes will suffer a loss of interest and the Credit Linked Notes will be redeemed, in part, early. In the case of such partial early redemption, holders may not be able to reinvest in a similar product offering a corresponding rate of return.

The credit risk to Securityholders of Basket Credit Linked Notes may 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.

- (E) Increased risks associated with Tranching Credit Linked Notes

Tranching Credit Linked Notes are a specific form of Basket Credit Linked Notes and create leveraged exposure to the credit risk of the Reference Entities as the implicit portfolio size or size of the aggregate notional amount of the portfolio of Reference Obligations is significantly larger than the aggregate

notional amount of the Credit Linked Notes. Investors can lose a significant part or all of their investment even if a Credit Event occurs in respect of only one or a few of the Reference Entities comprising the portfolio of Reference Obligations. The value of the Tranching Credit Linked Notes may be more volatile and credit losses experienced by an Investor in respect of the Tranching Credit Linked Notes may be greater than would be the case in the absence of such leverage.

The value of the Tranching Credit Linked Notes may also be adversely affected by changes in the relative value of different tranches of credit risk on the portfolio of Reference Obligations, which will vary based on, inter alia, the views and assumptions of market participants and the supply of and demand for credit protection in relation to each such tranche.

(F) A Credit Event may occur prior to the Trade Date

Securityholders of Credit Linked Notes may suffer a loss of some or all of the redemption amount and any interest amount applicable to the Credit Linked Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date, if the Credit Event Backstop Date is specified as a date falling prior to such date.

(G) Actions of Reference Entities may affect the value of the Credit Linked Notes

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Credit Linked Notes. Investors of the Credit Linked Notes should note that the Reference Entities to which the value of the Credit Linked Notes is exposed, and the terms of such exposure, may change over the term of the Credit Linked Notes. Where a successor Reference Entity is identified, the risks associated with such successor may be greater than the risks associated with the original Reference Entity, resulting in an increased likelihood that a Credit Event will occur and accordingly, an increased risk that Securityholders may lose some or all of their investment.

This specifically means the following:

Single Name Credit Linked Notes

In the case of Credit Linked Notes with one Reference Entity, the Issuer can replace the Reference Entity in the case of a succession by one or more Successors. The Issue Terms contain provisions about selecting the Successor(s).

The Securityholder now bears the risk that a Credit Event can occur in the future with regard to the Successor as the new Reference Entity. If the Issuer determines more than one Successor to the Reference Entity, each of the selected Successors becomes a Reference Entity. The Securityholder now bears the risk that a Credit Event can occur in the future with regard to each Successor. The Credit Linked Notes now relate proportionately to each Successor.

Basket Credit Linked Notes and other Credit Linked Notes relating to more than one Reference Entity

In the case of Credit Linked Notes with multiple Reference Entities, the Issuer can replace a Reference Entity in the case of a succession by one or more

Successors. The Issue Terms contain provisions about selecting the Successor(s).

The Securityholder now bears the risk that a Credit Event can occur in the future with regard to the Successor as the new Reference Entity. If the Issuer determines more than one Successor for the Reference Entity, each of the selected Successors becomes a Reference Entity. The weighting of the original Reference Entity is allocated in accordance with the number of Successors. The Investor now bears the risk that a Credit Event can occur in the future with regard to each Successor as a new Reference Entity.

In the case of Credit Linked Notes with multiple Reference Entities, the Securityholder bears an additional risk. The Successor of a Reference Entity can already be a Reference Entity. This has the result that the weighting of the affected Reference Entity increases compared to the other Reference Entities. Upon the occurrence of a Credit Event at that Reference Entity, therefore, there is a higher risk of loss than in the case prior to the succession.

It is even possible that the number of Reference Entities can be reduced to one in the case of Credit Linked Notes with two or more Reference Entities. The Securityholder then loses the benefit of risk diversification with two Reference Entities.

(H) Suspension of payment of principal and interest

In certain circumstances (for example, where a Credit Event has occurred and the related credit loss has not been determined as at the relevant date for payment, or, if applicable, where a potential Credit Event exists as at the Scheduled Redemption Date of the Credit Linked Notes), Securityholders may be adversely affected where payment of the redemption amount and/or interest on the Credit Linked Notes is deferred for a material period in whole or part without compensation to the holders of the Credit Linked Notes.

(I) Use of Auction Settlement may adversely affect returns to Securityholders

Where Credit Linked Notes are redeemed or settled by reference to a market auction process, the losses determined pursuant to such market auction process may be greater than the losses which would have been determined had an alternative settlement method been used. In particular, the auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. Where this is the case, Securityholders of Credit Linked Notes may receive a lower amount on redemption or settlement of their Credit Linked Notes than would otherwise be the case.

(J) Use of Cash Settlement may adversely affect returns to Securityholders

If the Credit Linked Notes are cash settled, then, following the occurrence of a Credit Event, the Calculation Agent will be required to seek quotations in respect of selected Obligations of the affected Reference Entity. Quotations obtained will be "bid-side" - that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer. Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers). Accordingly, any quotations so obtained may be significantly lower than the value of the

relevant obligation which would be determined by reference to (for example) the present value of related cashflows. Quotations will be deemed to be zero in the event that no such quotations are available. Accordingly, Securityholders may receive a lower amount on redemption or settlement of their Credit Linked Notes than would otherwise be the case.

(K) Risks in case of redemption by Physical Settlement

The Credit Linked Notes may be redeemed by delivery of a given number of bonds, loans or any other Deliverable Obligation of a Reference Entity instead of by cash, except in special circumstances. Hence, by purchasing the Credit Linked Notes, prospective investors are also making a potential investment decision with respect to the Reference Entity or the Reference Entities, as the case may be. If more than one type, series or issue of Deliverable Obligations of the affected Reference Entity is available, the Issuer will choose which of such Deliverable Obligations it will deliver, which will likely be the Deliverable Obligation with the lowest value. Please see "(L) *Cheapest-to-Deliver risk*" below for additional information related to this specific risk.

Prospective investors must be aware that, as a result of such a physical delivery, should it occur, investors and their investment no longer depend on the creditworthiness of the Issuer but on the market value of the Deliverable Obligation so delivered and the future creditworthiness of its issuer that could already be materially affected as a consequence of a Credit Event, such as bankruptcy or payment default, and could deteriorate even more thereafter. It is possible that the Deliverable Obligations so delivered could have a market value close to zero.

Moreover, Securityholders may, upon becoming a holder of Deliverable Obligations, be required to participate as debt creditors in insolvency proceedings regarding the Reference Entity if such insolvency proceedings have been or will be commenced at the time of delivery. This means that, unless they sell and are able to sell their position in the delivered Deliverable Obligations, they might be required to file their claims as part of the insolvency proceedings within the time periods specified by law and the appointed insolvency administrator. If the Securityholder does not file its claim in due time, it may be time barred in its claim against the Reference Entity and may finally suffer a complete loss of the amounts invested in the Security.

In addition, the Deliverable Obligations may not be liquid at all or only to a limited extent. The liquidity of the Deliverable Obligation will typically change in accordance with fluctuations of the underlying market, the conditions of the relevant economy, national and international political developments, the development in any particular industry and the creditworthiness of the relevant issuer, in particular during an ongoing restructuring or insolvency proceeding. This risk is increased if there is little or no active trading in the relevant Deliverable Obligation. This is in particular the case if the Deliverable Obligation is delivered in a distressed situation, which is likely the case if physical delivery occurs after a Credit Event. Further, the Deliverable Obligation may be subject to selling or transfer restrictions.

Furthermore, investors should note that no fractions of Deliverable Obligations will be delivered. Hence, the number of Deliverable Obligations to be delivered may be rounded down to the nearest number of Deliverable

Obligations and the Issuer may be required to pay a cash compensation for undeliverable fractions thereof.

If such Deliverable Obligations are denominated in a currency other than the Specified Currency of the Credit Linked Notes, Securityholders are exposed to the risk of exchange rate fluctuations. Such a risk exists in addition to the risk of a fall in value of such Deliverable Obligation.

Securityholders are required to bear the recordation, processing or similar fee reasonably incurred by the Issuer, as well as any stamp tax or transaction tax associated with the delivery of the Deliverable Obligations. Furthermore, delivery of Deliverable Obligations may be impossible or delayed due to various circumstances, which may have the consequence that the delivery of the Deliverable Obligations will occur later than scheduled. If a delivery is unlawful under the laws of any applicable jurisdiction or impossible for any other reason, the Issuer would be entitled to pay the Partial Credit Event Cash Settlement Amount with respect to such undeliverable obligation.

If, following the occurrence of a Credit Event, Deliverable Obligations are delivered, the term to maturity of such Deliverable Obligations typically will not be identical to the initially scheduled remaining term to maturity of the Credit Linked Notes at the time of occurrence of the Credit Event. This means that the initial investment horizon of the investor will change. Moreover, the market value of delivered long-term obligations compared to their nominal value is lower than in the case of obligations with a shorter term. In addition, if Deliverable Obligations with a term to maturity longer than that of the Credit Linked Notes at the time of occurrence of the Credit Event are delivered, the risk of a potential increase in general interest rate levels following delivery of such Deliverable Obligations will be higher than the investor's initial investment.

(L) "Cheapest-to-Deliver" risk

Since the Issuer, as buyer of protection in respect of the Credit Linked Notes, has certain discretion to choose the Deliverable Obligations on the basis of the objective criteria of the applicable potential portfolio Deliverable Obligations given in the Terms and Conditions to be valued or delivered following a Credit Event in respect of a Reference Entity subject to a Credit Event, it is likely that the Deliverable Obligation of the Reference Entity with the lowest market value that are permitted to be selected pursuant to the terms of the Credit Linked Notes will be valued or delivered. This could result in a lower recovery value and hence greater losses for Securityholders of the Credit Linked Notes.

(M) Risks Related to Market Returns

The views of market participants and/or legal counsel may differ as to how the terms of market standard credit default swaps, and the corresponding terms of the Credit Linked Notes, should be interpreted, or such terms may operate in a manner contrary to the expectations of market participants and/or adversely to the interests of holders of the Credit Linked Notes. The market value or return on the Credit Linked Notes may therefore be less than the Securityholder expects to receive at the point at which they purchase the Credit Linked Notes.

(N) Asset Package risks

In certain circumstances where (a) "Financial Reference Entity Terms" and "Governmental Intervention" apply in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention or (b) a Restructuring Credit Event in respect of a Sovereign, then a related asset package resulting from a prior deliverable obligation (where "Financial Reference Entity Terms" apply) or package observable bond (where the Reference Entity is a sovereign) may be—dependent on the settlement method—valued or delivered.

If the resulting asset package is deemed to be zero where there are no resulting assets, the negative impact on Investors could be a related credit loss borne by Securityholders of 100 per cent. of their investment notwithstanding the recovery value on any other obligations of the Reference Entity.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the Credit Derivatives Determinations Committees, which valuation may result in losses to be borne by Investors which may be greater than the losses which would have been determined in the absence of such valuation methodology being used. Accordingly, Securityholders may receive a lower amount on redemption or settlement of their Credit Linked Notes than would otherwise be the case if an alternative settlement method were used.

(O) Risks Associated with Credit Derivatives Determinations Committees

The institutions of the Credit Derivatives Determinations Committees owe no duty to the Securityholders and have the ability to make determinations that may have a material adverse effect on the Investors, such as the occurrence of a Credit Event or a Succession Event. A Credit Derivatives Determinations Committee may be able to make determinations without action or knowledge of the Investors.

The powers of the Credit Derivatives Determinations Committees may be expanded or modified as a result of amendments to the Credit Derivatives Determinations Committees Rules. Investors may have no role in the composition of any Credit Derivatives Determinations Committee and may have no recourse against either the institutions serving on a Credit Derivatives Determinations Committee or the external reviewers.

(P) The Calculation Agent may modify the terms of the Credit Linked Notes

If so provided in the Issue Terms, the Calculation Agent may, without the consent of Securityholders or prior notice to Investors, following its determination that there has been a change in the prevailing market standard terms or market trading conventions that affects any hedging transaction, modify the terms of the Credit Linked Notes to the extent reasonably necessary to ensure consistency with those prevailing market standard terms or market trading conventions. The Calculation Agent is not obliged to make any such modifications. If the Calculation Agent modifies the terms of the Credit Linked Notes, it must act reasonably in doing so; however, any such modification may be prejudicial to the interests of the holders of the Credit

Linked Notes in that such a modification may adversely affect the market value of the Credit Linked Notes or the amount which a Securityholder would be entitled to receive on redemption or settlement of the Credit Linked Notes.

(Q) Complex analysis

The analysis of the risks related to the Credit Linked Notes is complex. It can especially be difficult for the Investor to assess the probability of the occurrence of a Credit Event.

The risks related to the respective Reference Entity and the analysis of the probability of the occurrence of a Credit Event are complex. The trading and the pricing of the Credit Linked Notes depend on the trading and the pricing of the credit risks of the Reference Entity. Trading and pricing these credit risks occur in markets which are not very transparent and lie outside stock exchanges. It is also possible that not all bonds or obligations of the Reference Entity are traded on stock exchanges. This can make it difficult to analyse the probability of the occurrence of a Credit Event at the Reference Entity.

The Securityholder should, therefore, consider that all information for analysing the relevant credit risks may not be complete or publicly available on a specific date. In order to assess the credit risk of the respective Reference Entity, the Investor should consider and analyse the following information. Securityholders should base their investment decisions on the following:

- All available public information about the capacity and the financial situation of the Reference Entity, and
- The published financial information or the published government debt.

The probability that a Credit Event occurs with regard to one or more Reference Entity(ies) depends, among other aspects, on the following factors:

- The financial position and earning situation and other key data of the relevant Reference Entity,
- The general economy,
- The position in specific markets,
- Political events, developments or trends in certain industries, or
- Changes in the applicable interest rates.

The Securityholder should, therefore, thoroughly examine the Reference Entity(ies). Securityholders should especially conduct their own research and make their own analyses with regard to the credit standing of the Reference Entity(ies). Securityholders should also analyse the probability of the occurrence of a Credit Event with regard to the Reference Entity(ies).

The Securityholder should be aware that the financial and earnings positions of Reference Entities or government debt of governmental Reference Entities can change. The other above-mentioned parameters can also experience adverse changes during the term of the Credit Linked Notes. The Securityholder should be aware that information for analysing credit risks is not necessarily completely or publicly available on a specific date.

(R) Correlated Credit Risks

In purchasing Credit Linked Notes, Investors assume credit exposure to both the Issuer and the specified Reference Entity or Reference Entities. The credit risk to Securityholders may further be increased if the specified Reference Entity or Reference Entities are concentrated in the same industry sector or geographic area as the Issuer. In the case of Credit Linked Notes linked to more than one Reference Entity, the risks of default of such related Reference Entities may be highly correlated.

(S) Risks resulting from laws governing recovery and resolutions in the case of Financial Reference Entities

The content and scope of the applicable national legislation on recovery and resolutions of financial institutions can increase the probability of the occurrence of a Credit Event in certain circumstances where "Financial Reference Entity Terms" and "Governmental Intervention" applies in respect of a Reference Entity.

The law applicable to a financial institution governing recovery and resolutions can permit substantial influence and impact on the obligations of a financial institution. Measures including a reduction of debt are conceivable. All these measures can possibly occur in advance of any insolvency. In particular, measures can be carried out if the financial institution threatens to fail or, for example, if the loss of its banking licence is feared.

In the case of Credit Linked Notes related to Financial Reference Entities, the Securityholder must accordingly particularly pay attention to the fact that they depend to a high degree on the content and scope of the applicable national legislation on recovery and resolutions.

In the case of a Financial Reference Entity, a Credit Event may occur with respect to a senior non-preferred debt instrument if the senior non-preferred status is specified for the respective obligation. Such senior non-preferred debt instruments rank in bankruptcy proceedings after other unsecured senior liabilities of a financial institution. Accordingly, these senior non-preferred debt instruments will become subject to resolution action before other unsecured senior liabilities. Investors therefore bear the risk of a Credit Event even if other senior liabilities of the financial institution are (still) not affected by that Credit Event.

(T) Risks in the case of Reference Entities in emerging countries

Credit Linked Notes which relate to Reference Entities in emerging countries involve additional risks.

The Reference Entities can also be an emerging country or a developing country or a company in such a sovereign. Such Credit Linked Notes involve additional risks. They can be of a legal, political or economic nature (including a collapse of the currency).

There are substantial legal, economic and political risks in the case of emerging countries and developing countries. These risks can be greater than for EU Member States or other industrialised countries. The risks include the unstable political or economic situation, increased inflation as well as higher currency risks. There can also be less available public information about Reference Entities in emerging countries and developing countries. Ratings

agencies operating in emerging or developing countries may not be subject to standards that are as stringent as those in other countries. Securities markets in emerging countries can have a substantially lower trading volume than in developed markets. The securities markets may possibly be less liquid than developed securities markets in industrialised countries. Experience shows that the prices on such securities markets fluctuate more strongly.

(U) No guarantees of the Issuer

The Issuer does not give any warranties or guarantees with regard to the credit standing of the Reference Entity. The selection of a Reference Entity for the Credit Linked Notes is not based on the assessments by the Issuer with regard to the future development of the credit standing of that Reference Entity.

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

(V) Limited information available to Securityholders

The Securityholder bears the risk that the Investor will not be fully informed about the Reference Entity. Not all information about the Reference Entity is publicly available. The Issuer does not conduct any research with regard to the respective Reference Entity. The Securityholder cannot rely on events being published with regard to the Reference Entity. Especially events which have occurred (shortly) before issuing the Credit Linked Notes are not necessarily already published in publicly available sources.

When considering the merits and risks of an investment in Credit Linked Notes, the Securityholder should be aware that public information in respect of relevant Reference Entity(ies) may be inaccurate, out of date or misleading.

The Issuer also may have non-public information with regard to the respective Reference Entity during the term of the Credit Linked Notes. The Issuer is not required to disclose this information to the Investor. This also applies if the Issuer is not required to treat the information as confidential. The Issuer is also not required to keep the Investor continuously informed about the economic development of the Reference Entity. This also applies for information which indicates the occurrence of a Credit Event or a succession in right for the respective Reference Entity.

Therefore, there is a risk that the Issuer has better information than the Securityholder with regard to the Reference Entity.

(W) Rating information about Reference Entities

The Securityholder bears the risk that the ratings for the Reference Entity may deteriorate.

Ratings are produced by rating agencies on the basis of public and non-public information about a Reference Entity. Published ratings about a Reference Entity, despite their wide-spread use, represent only a condensed variable for the valuation. A rating of a Reference Entity reflects the Reference Entity's credit standing. The rating constitutes an assessment of the possibilities for the Reference Entity to comply with its payment obligations in the future. A

rating, however, might not be representative of all the risks that may affect the Reference Entity, can be based on limited information about the Reference Entity and does not constitute a recommendation to make investments in respect of the Reference Entity. Ratings may be modified or withdrawn at any time by any of the relevant rating agencies and might therefore change during the term of the Credit Linked Notes. Any change in the rating of a Reference Entity can have an adverse effect on the value of the Credit Linked Notes.

(xii) *Risks of Hybrid Securities*

In addition to the risks related to Credit Linked Notes set out in (xi) above, depending on the specific Features they include, Hybrid Securities may also be subject to the risks related to Structured Securities set out in (i) through (viii) above. Accordingly, Securityholders may lose part or even all of their investment under the circumstances described therein.

(b) ***In certain circumstances, the Issuer has the right to redeem the Securities prior to scheduled maturity and other than on an early redemption date. In such cases, Securityholders will receive the Early Redemption Amount, which may be zero***

The Issuer has the right to redeem the Securities early in certain circumstances set out in the terms and conditions of the Securities; for example if an adjustment is not possible or upon occurrence of a Special Circumstance. In such cases, the Issuer will redeem the Securities at the Early Redemption Amount, *i.e.*, in the event of an early redemption there will be no right to payment of any amount provided for in the terms and conditions of the Securities to be calculated on the basis of a redemption formula at the end of the term. Securityholders should note that such amount may be zero in the worst case, *i.e.*, the Securityholder may suffer a total loss of the capital invested.

In the case of an early redemption, the Investor may only be able to reinvest the amount to be paid by the Issuer on less favourable market terms compared with those existing when the Security was purchased.

Finally, Securityholders bear the risk that their expectations with respect to a potential increase in the value of a Security over its scheduled term will not be realised due to the early termination of the Security.

(c) ***Risks relating to the Physical Delivery of Structured Securities***

In case of Structured Securities which are redeemable by delivery of relevant Deliverable Underlyings, the Issuer may redeem such Structured Securities by delivering a Physical Delivery Amount, as specified in the relevant Issue Terms. If, on or after the delivery of a Physical Delivery Amount, a Securityholder wishes to sell the related Underlying, and if the liquidity of the market for the relevant Deliverable Underlying is limited, the Noteholder may potentially be unable to sell the Underlying at a price equivalent to the amount it may have obtained had the Securities been redeemed in cash. Moreover, if there is no liquidity, a Securityholder may be unable to sell the relevant Deliverable Underlying at all. This risk is increased if there is little or no active trading in the relevant Deliverable Underlying. This is in particular the case if the Physical Delivery Amount is delivered in a distressed situation, which is likely the case if physical delivery occurs as part of a Downside Feature.

If the Issuer is unable to effect the delivery of the relevant Deliverable Underlyings, the terms and conditions of the Structured Securities provide that the Issuer may delay the redemption of the Structured Securities and/or cause the obligation to deliver such relevant Deliverable Underlyings to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Structured Securities and, in the case of payment of a cash amount, will affect the timing of the valuation of such Structured Securities and as a result, the redemption

amount. Prospective investors should review the terms and conditions of the Securities to ascertain whether and how such provisions should apply to the relevant Structured Securities and be aware that the amounts payable or deliverable may be lower and the timing of the valuation, payment or delivery of these may be later than expected.

The redemption of the Structured Securities by way of delivery of relevant Deliverable Underlyings may involve additional risk to the Securityholder compared to Structured Securities redeemed in cash, and if redeemed in this manner, the Securityholder may lose some or all of the redemption value of Structured Securities redeemed by way of delivery of relevant Deliverable Underlyings.

If so indicated in the Issue Terms, the Issuer may also elect to vary the settlement of the Structured Securities, by (i) in the case of cash settled Structured Securities, delivering or procuring delivery of the Physical Delivery Amount instead of making payment of the Cash Redemption Amount to the relevant Securityholders or (ii) in the case of Physical Delivery, making payment of the Cash Redemption Amount to the relevant Securityholders instead of delivering or procuring delivery of the Physical Delivery Amount. For additional risks related to Credit Linked Notes where Physical Settlement applies, see "1.1 Risks associated with the Product Types of the Securities and rights of the Issuer under the Securities—Risks relating to the Product Types —(xi) Specific Risks of Credit Linked Notes—(K) Risks in case of redemption by Physical Settlement".

(d) ***Market disruptions and adjustment measures may negatively affect the value of and return on the Structured Securities and lead to payment delays***

Under the terms and conditions of the Structured Securities, the Calculation Agent may determine that a market disruption event has occurred or exists at a certain time. Such an event could lead to the postponement of a date on which the Calculation Agent is to establish a valuation of the Underlying (for example in some cases up to 5 or more trading days) and in certain circumstances lead to the Calculation Agent having to estimate the relevant price or level of such Underlying or to a corresponding delay in the settlement of the Structured Securities. No interest shall be payable in respect of any such postponement of the settlement of the Structured Securities and any such postponement or estimate of value could have a negative impact on the value of and return on the Structured Securities.

Adjustments will be made in accordance with the terms and conditions of the Structured Securities. In the event of adjustments relating to the Underlying(s), it is possible that the estimates and/or assumptions on which an adjustment was based turn out to be incorrect and that the adjustment turns out to be unfavourable for the Investor and that the adjustment has a negative impact on the value of or return on the Structured Securities.

(e) ***The terms and conditions of the Securities may be amended by the Issuer without the consent of the Securityholders in certain circumstances***

The terms and conditions of the Securities (other than Securities governed by French law) may be amended by the Issuer without the consent of the Investors if the amendment is of a formal, minor or technical nature, or is made to correct a manifest error or to comply with mandatory provisions of the law.

In the case of Securities governed by French law which (i) have a specified denomination at least equal to EUR 100,000 or (ii) have a minimum trading size of at least EUR 100,000, the terms and conditions of the Securities may be amended by the Issuer without the consent of the Securityholders to correct a manifest error. In other circumstances, the consent of a defined majority of holders is required to make amendments.

In addition, the terms and conditions of the Securities may be amended by the Issuer without the consent of the Investors in certain additional circumstances including as a result of certain

events in respect of the underlying assets (including, but not limited to, adjustment events, potential adjustment events, extraordinary events and certain disruption events (as specified in the relevant underlying specific conditions)).

In the above circumstances, the terms and conditions of the Securities may be amended without the Investor's consent or against the Investor's wishes.

2.2 Risks associated with Bail-inable Securities

- (a) ***Bail-inable Securities will be subject to risks, including non-payment in full or conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates, under Canadian bank resolution powers.***

Bail-inable Securities are subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Securities. Notwithstanding any other terms of the Bank's liability, any other law that governs the Bank's liability and any other agreement, arrangement or understanding between the parties with respect to the Bank's liability, each holder or beneficial owner of an interest in the Bail-inable Securities is deemed to be bound by the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Securities and is deemed to attorn to the jurisdiction of the courts in the Province of Ontario in Canada.

Certain provisions of and regulations under the Bail-in Regime provide for a bank recapitalisation regime for banks designated by the Superintendent as D-SIBs, which include the Bank.

The expressed objectives of the Bail-in Regime (as defined herein) include reducing government and taxpayer exposure in the unlikely event of a failure of a D-SIB, reducing the likelihood of such a failure by increasing market discipline and reinforcing that bank shareholders and creditors are responsible for the D-SIBs' risks and not taxpayers, and preserving financial stability by empowering the *Canada Deposit Insurance Corporation* ("**CDIC**"), Canada's resolution authority, to quickly restore a failed D-SIB to viability and allow it to remain open and operating, even where the D-SIB has experienced severe losses.

Under the CDIC Act, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers under the Bank Act, the Superintendent, after providing the Bank with a reasonable opportunity to make representations, is required to provide a report to CDIC. Following receipt of the Superintendent's report, CDIC may request the Minister of Finance for Canada (the "**Minister of Finance**") to recommend that the Governor in Council (Canada) make an Order (as defined below) and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council (Canada) make, and on such recommendation, the Governor in Council (Canada) may make, one or more Orders including a Conversion Order.

Upon the making of a Conversion Order, prescribed shares and liabilities under the Bail-in Regime that are subject to that Conversion Order will, to the extent converted, be converted into common shares of the Bank or any of its affiliates, as determined by CDIC. Subject to certain exceptions discussed below, the Bail-in Regime provides that senior debt issued on or after 23 September 2018, with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and that has

been assigned a CUSIP or ISIN or similar identification number are subject to a Bail-in Conversion. Shares, other than common shares, and subordinated debt of the Bank will also be subject to a Bail-in Conversion, unless they are non-viability contingent capital. All Securities that are subject to Bail-in Conversion will be identified as Bail-inable Securities in the applicable Final Terms or, in the case of Exempt Securities, any applicable Pricing Supplement.

Covered bonds, derivatives and certain structured securities (as such term is used under the Bail-in Regime) are expressly excluded from a Bail-in Conversion. To the extent that any Securities constitute structured securities (as such term is used under the Bail-in Regime) they will not be Bail-inable Securities and will not be identified as Bail-inable Securities in the applicable Final Terms or, in the case of Exempt Securities, any applicable Pricing Supplement. As a result, claims of some creditors whose claims would otherwise rank equally with those of the holders of Bail-inable Securities would be excluded from a Bail-in Conversion and thus the holders and beneficial owners of Bail-inable Securities will have to absorb losses ahead of these other creditors as a result of the Bail-in Conversion while other creditors may not be exposed to losses.

If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in holders or beneficial owners of Bail-inable Securities being exposed to conversion of the Bail-inable Securities in whole or in part. Upon a Bail-in Conversion, the holders of Bail-inable Securities that are converted will be obligated to accept the common shares of the Bank or any of its affiliates into which such Bail-inable Securities, or any portion thereof, are converted even if such holders do not at the time consider such common shares to be an appropriate investment for them, and despite any change in the Bank or any of its affiliates or the fact that such common shares are issued by an affiliate of the Bank or any disruption to or lack of a market for such common shares or disruption to capital markets generally. The terms and conditions of the Bail-in Conversion will be determined by CDIC in accordance with and subject to certain requirements discussed below. As described in greater detail in (e) below, the number of common shares to be issued in connection with, and the number of common shares that will be outstanding following, a Bail-in Conversion are unknown. It is also unknown whether the shares to be issued will be those of the Bank or one of its affiliates.

As a result, holders of Bail-inable Securities should consider the risk that they may lose all or part of their investment, plus any accrued interest or additional amounts, if CDIC were to take action under the Canadian bank resolution powers, including the Bail-in Regime, and that any remaining outstanding Bail-inable Securities, or common shares of the Bank or any of its affiliates into which Bail-inable Securities are converted, may be of little value at the time of a Bail-in Conversion and thereafter.

- (b) ***Bail-inable Securities will provide only limited acceleration and enforcement rights for the Bail-inable Securities and will include other provisions intended to qualify such Securities as TLAC.***

In connection with the Bail-in Regime, the OSFI guideline as interpreted by the Superintendent (the "**TLAC Guideline**") on Total Loss Absorbing Capacity ("**TLAC**") applies to and establishes standards for D-SIBs, including the Bank. Under the TLAC Guideline, beginning 1 November 2021, the Bank is required to maintain a minimum capacity to absorb losses composed of unsecured external long-term debt that meets the prescribed criteria or regulatory capital instruments to support recapitalisation in the event of a failure. Bail-inable Securities and regulatory capital instruments that meet the prescribed criteria will constitute TLAC of the Bank.

In order to comply with the TLAC Guideline, Bail-inable Securities must provide for terms and conditions necessary to meet the prescribed criteria and qualify at their issuance as TLAC instruments of the Bank under the TLAC Guideline. Those criteria include the following:

- the Bank cannot directly or indirectly have provided financing to any person for the express purpose of investing in the Bail-inable Securities;
- the Bail-inable Securities are not subject to set-off or netting rights;
- the Bail-inable Securities must not provide rights to accelerate repayment of principal or interest payments outside of bankruptcy, insolvency, wind-up or liquidation, except that events of default relating to the non-payment of scheduled principal and/or interest payments will be permitted where they are subject to a cure period of no less than 30 business days and clearly disclose to investors that: (i) acceleration is only permitted where an Order (as defined below) has not been made in respect of the Bank; and (ii) notwithstanding any acceleration, the instrument could still be subject to a Bail-in Conversion prior to its repayment;
- the Bail-inable Securities may be redeemed or purchased for cancellation (as applicable) only at the initiative of the Bank and, where the redemption or purchase would lead to a breach of the Bank's minimum TLAC requirements, that redemption or purchase would be subject to the prior approval of the Superintendent;
- the Bail-inable Securities do not have credit-sensitive dividend or coupon features that are reset periodically based in whole or in part on the Bank's credit standing; and
- where an amendment or variance of the Bail-inable Securities' terms and conditions would affect its recognition as TLAC, such amendment or variance will only be permitted with the prior approval of the Superintendent.

As a result, the terms of the Bail-inable Securities provide that acceleration will only be permitted (i) if the Bank defaults in the payment of the principal or interest for a period of more than 30 business days, or (ii) certain bankruptcy, insolvency or reorganisation events occur. Holders and beneficial owners of Bail-inable Securities may only exercise, or direct the exercise of, such rights in respect of Bail-inable Securities where an Order has not been made under Canadian bank resolution powers pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank. Notwithstanding the exercise of those rights, Bail-inable Securities will continue to be subject to Bail-in Conversion until paid in full.

The terms of the Bail-inable Securities also provide that holders or beneficial owners of Bail-inable Securities will not be entitled to exercise, or direct the exercise of, any set-off or netting rights with respect to Bail-inable Securities. In addition, where an amendment, modification or other variance that can be made to the Bail-inable Securities would affect the recognition of the Bail-inable Securities by the Superintendent as TLAC, that amendment, modification or variance will require the prior approval of the Superintendent.

The bail-in regime and TLAC Guideline could adversely affect the Bank's cost of funding.

- (c) ***Canadian bank resolutions powers confer substantial powers on Canadian authorities designed to enable them to take a range of actions in relation to the Bank where a determination is made that the Bank has ceased, or is about to cease, to be viable and such viability cannot be restored or preserved, which if taken could result in holders or beneficial owners of Bail-inable Securities being exposed to losses***

Under the CDIC Act, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers under the Bank Act, the Superintendent, after

providing the Bank with a reasonable opportunity to make representations, is required to provide a report to CDIC, Canada's resolution authority. Following receipt of the Superintendent's report, CDIC may request the Minister of Finance to recommend that the Governor in Council (Canada) make an Order (as defined below) and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council (Canada) make, and on such recommendation, the Governor in Council (Canada) may make, one or more of the following orders (each, an "**Order**");

- vesting in CDIC, the shares and subordinated debt of the Bank specified in the Order (a "**Vesting Order**");
- appointing CDIC as receiver in respect of the Bank (a "**Receivership Order**");
- if a Receivership Order has been made, directing the Minister of Finance to incorporate a federal institution designated in the Order as a bridge institution wholly-owned by CDIC and specifying the date and time as of which the Bank's deposit liabilities are assumed (a "**Bridge Bank Order**"); or
- if a Vesting Order or Receivership Order has been made, directing CDIC to carry out a conversion, by converting or causing the Bank to convert, in whole or in part – by means of a transaction or series of transactions and in one or more steps – the shares and liabilities of the Bank that are subject to the Bail-in Regime into common shares of the Bank or any of its affiliates (a "**Conversion Order**").

Following a Vesting Order or a Receivership Order, CDIC will assume temporary control or ownership of the Bank and will be granted broad powers under that Order, including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank.

Under a Bridge Bank Order, CDIC has the power to transfer the Bank's insured deposit liabilities and certain assets and other liabilities of the Bank to a bridge institution. Upon the exercise of that power, any assets and liabilities of the Bank that are not transferred to the bridge institution would remain with the Bank, which would then be wound up. In such a scenario, any liabilities of the Bank, including any outstanding Securities that are not assumed by the bridge institution could receive only partial or no payment in the ensuing wind-up of the Bank.

If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in holders or beneficial owners of Securities being exposed to losses.

- (d) ***The circumstances surrounding a Bail-in Conversion are unpredictable and can be expected to have an adverse effect on the market price of Bail-inable Securities.***

The decision as to whether the Bank has ceased, or is about to cease, to be viable is a subjective determination by the Superintendent that is outside the control of the Bank. Upon a Bail-in Conversion, the interests of depositors and holders of liabilities and securities of the Bank that are not converted will effectively all rank in priority to the portion of Bail-inable Securities that are converted. In addition, except as provided for under the compensation process, the rights of holders in respect of the Bail-inable Securities that have been converted will rank in parity with other holders of common shares of the Bank (or, as applicable, common shares of the affiliate whose common shares are issued on the Bail-in Conversion).

There is no limitation on the type of Order that may be made where it has been determined that the Bank has ceased, or is about to cease, to be viable. As a result, holders of Bail-inable

Securities may be exposed to losses through the use of Canadian bank resolution powers other than a Conversion Order or in liquidation.

Because of the uncertainty regarding when and whether an Order will be made and the type of Order that may be made, it will be difficult to predict when, if at all, Bail-inable Securities could be converted into common shares of the Bank or any of its affiliates and there is not likely to be any advance notice of an Order. As a result of this uncertainty, trading behaviour in respect of the Bail-inable Securities may not follow trading behaviour associated with convertible or exchangeable securities or, in circumstances where the Bank is trending towards ceasing to be viable, other senior debt. Any indication, whether real or perceived, that the Bank is trending towards ceasing to be viable can be expected to have an adverse effect on the market price of the Bail-inable Securities. Therefore, in those circumstances, holders of Bail-inable Securities may not be able to sell their Bail-inable Securities easily or at prices comparable to those of senior debt securities not subject to Bail-in Conversion.

- (e) ***The number of common shares to be issued in connection with, and the number of common shares that will be outstanding following, a Bail-in Conversion are unknown. It is also unknown whether the shares to be issued will be those of the Bank or one of its affiliates.***

Under the Bail-in Regime there is no fixed and pre-determined contractual conversion ratio for the conversion of the Bail-inable Securities, or other shares or liabilities of the Bank that are subject to a Bail-in Conversion, into common shares of the Bank or any of its affiliates nor are there specific requirements regarding whether liabilities subject to a Bail-in Conversion are converted into common shares of the Bank or any of its affiliates. CDIC determines the timing of the Bail-in Conversion, the portion of Bail-inable shares and liabilities to be converted and the terms and conditions of the Bail-in Conversion, subject to parameters set out in the Bail-in Regime. Those parameters, include that:

- in carrying out a Bail-in Conversion, CDIC must take into consideration the requirement in the Bank Act for banks to maintain adequate capital;
- CDIC must use its best efforts to ensure that shares and liabilities subject to a Bail-in Conversion are only converted after all subordinate ranking shares and liabilities that are subject to a Bail-in Conversion and any subordinate non-viability contingent capital instruments have been previously converted or are converted during the same restructuring period;
- CDIC must use its best efforts to ensure that the converted part of the liquidation entitlement of a share subject to a Bail-in Conversion, or the converted part of the principal amount and accrued and unpaid interest of a liability subject to a Bail-in Conversion, is converted on a pro rata basis for all shares or liabilities subject to a Bail-in Conversion of equal rank that are converted during the same restructuring period;
- holders of shares and liabilities that are subject to a Bail-in Conversion must receive a greater number of common shares per dollar of the converted part of the liquidation entitlement of their shares, or the converted part of the principal amount and accrued and unpaid interest of their liabilities, than holders of any subordinate shares or liabilities subject to a Bail-in Conversion that are converted during the same restructuring period or of any subordinate non-viability contingent capital that is converted during the same restructuring period;
- holders of shares or liabilities subject to a Bail-in Conversion of equal rank that are converted during the same restructuring period must receive the same number of common shares per dollar of the converted part of the liquidation entitlement of their shares or the converted part of the principal amount and accrued and unpaid interest of their liabilities; and

- holders of shares or liabilities subject to a Bail-in Conversion must receive, if any non-viability contingent capital of equal rank to the shares or liabilities is converted during the same restructuring period, a number of common shares per dollar of the converted part of the liquidation entitlement of their shares, or the converted part of the principal amount and accrued and unpaid interest of their liabilities, that is equal to the largest number of common shares received by any holder of the non-viability contingent capital per dollar of that capital.

As a result, it is not possible to anticipate the potential number of common shares of the Bank or its affiliates that would be issued in respect of any Bail-inable Securities converted on a Bail-in Conversion, the aggregate number of such common shares that will be outstanding following the Bail-in Conversion, the effect of dilution on the common shares received in respect of any Bail-inable Securities converted on a Bail-in Conversion from other issuances of common shares of the same issuer under or in connection with an Order or related actions in respect of the Bank or its affiliates or the value of any common shares received by the holders of converted Bail-inable Securities, which could be significantly less than the amount which may otherwise have been due under the converted Bail-inable Securities. It is also not possible to anticipate whether shares of the Bank or shares of its affiliates would be issued in a Bail-in Conversion. There may be an illiquid market, or no market at all, in the common shares issued upon a Bail-in Conversion and such holders may not be able to sell those common shares at a price equal to the value of the converted Bail-inable Securities and as a result may suffer significant losses that may not be offset by compensation, if any, received as part of the compensation process. Fluctuations in exchange rates may exacerbate such losses.

- (f) ***By acquiring Bail-inable Securities, each holder or beneficial owner of those Bail-inable Securities is deemed to agree to be bound by a Bail-in Conversion and so will have no further rights in respect of its Bail-inable Securities to the extent those Bail-inable Securities are converted in a Bail-in Conversion other than those provided under the Bail-in Regime. Any potential compensation to be provided through the compensation process under the CDIC Act is unknown.***

The CDIC Act provides for a compensation process for holders of Bail-inable Securities who immediately prior to the making of an Order, directly or through an intermediary, own Bail-inable Securities that are converted in a Bail-in Conversion. While this process applies to successors of such holders it does not apply to assignees or transferees of the holder following the making of the Order and does not apply if the amounts owing under the relevant Bail-inable Securities are paid in full.

Under the compensation process, the compensation to which such holders are entitled is the difference, to the extent it is positive, between the estimated liquidation value and the estimated resolution value of the relevant Bail-inable Securities. The liquidation value is the estimated value the Bail-inable Securities holders would have received if an order under the *Winding-up and Restructuring Act* (Canada) had been made in respect of the Bank, as if no Order had been made and without taking into consideration any assistance, financial or otherwise, that is or may be provided to the Bank, directly or indirectly, by CDIC, the Bank of Canada, the Government of Canada or a province of Canada, after any order to wind up the Bank has been made.

The resolution value in respect of relevant Bail-inable Securities is the aggregate estimated value of the following: (a) the relevant Bail-inable Securities, if they are not held by CDIC and they are not converted, after the making of an Order, into common shares under a Bail-in Conversion; (b) common shares that are the result of a Bail-in Conversion after the making of an Order; (c) any dividend or interest payments made, after the making of the Order, with respect to the relevant Bail-inable Securities to any person other than CDIC; and (d) any other cash, securities or other rights or interests that are received or to be received with respect to the relevant Bail-inable Securities as a direct or indirect result of the making of the Order and

any actions taken in furtherance of the Order, including from CDIC, the Bank, the liquidator of the Bank, if the Bank is wound up, the liquidator of a CDIC subsidiary incorporated or acquired by order of the Governor in Council for the purposes of facilitating the acquisition, management or disposal of real property or other assets of the Bank that CDIC may acquire as the result of its operations that is liquidated or the liquidator of a bridge institution if the bridge institution is wound up.

In connection with the compensation process, CDIC is required to estimate the liquidation value and the resolution value in respect of the portion of converted Bail-inable Securities and is required to consider the difference between the estimated day on which the liquidation value would be received and the estimated day on which the resolution value is, or would be, received.

CDIC must, within a reasonable period following a Bail-in Conversion, make an offer of compensation by notice to the relevant holders that held Bail-inable Securities equal to, or in value estimated to be equal to, the amount of compensation to which such holders are entitled or provide a notice stating that such holders are not entitled to any compensation. In either case such notice is required to include certain prescribed information, including important information regarding the rights of such holders to seek to object and have the compensation to which they are entitled determined by an assessor (a Canadian Federal Court judge) where holders of liabilities representing at least 10 per cent. of the principal amount and accrued and unpaid interest of the liabilities of the same class object to the offer or absence of compensation. The period for objecting is limited (45 days following the day on which a summary of the notice is published in the Canada Gazette) and failure by holders holding a sufficient principal amount plus accrued and unpaid interest of affected Bail-inable Securities to object within the prescribed period will result in the loss of any ability to object to the offered compensation or absence of compensation, as applicable. CDIC will pay each relevant holder the offered compensation within 135 days after the date on which a summary of the notice is published in the Canada Gazette if the offer of compensation is accepted by the holder, the holder does not notify CDIC of acceptance or objection to the offer within the aforementioned 45-day period or the holder objects to the offer but the 10 per cent. threshold described above is not met within the aforementioned 45-day period.

Where an assessor is appointed, the assessor could determine a different amount of compensation payable, which could either be higher or lower than the original amount. The assessor is required to provide holders, whose compensation it determines, notice of its determination. The assessor's determination is final and there are no further opportunities for review or appeal. CDIC will pay the relevant holders the compensation amount determined by the assessor within 90 days of the assessor's notice.

By its acquisition of an interest in any Bail-inable Security, each holder or beneficial owner of those Bail-inable Securities is deemed to agree to be bound by a Bail-in Conversion and so will have no further rights in respect of its Bail-inable Securities to the extent those Bail-inable Securities are converted in a Bail-in Conversion, other than those provided under the Bail-in Regime.

A similar compensation process to the one set out above applies, in certain circumstances, where as a result of CDIC's exercise of bank resolution powers, Securities are assigned to an entity which is then wound-up.

- (g) ***Following a Bail-in Conversion, holders that held Bail-inable Securities that have been converted will no longer have rights against the Bank as creditors.***

Upon a Bail-in Conversion, the rights, terms and conditions of the portion of Bail-inable Securities that are converted, including with respect to priority and rights on liquidation, will no longer apply as the portion of converted Bail-inable Securities will have been converted on

a full and permanent basis into common shares of the Bank or any of its affiliates ranking on parity with all other outstanding common shares of that entity. If a Bail-in Conversion occurs, then the interest of the depositors, other creditors and holders of liabilities of the Bank not bailed-in as a result of the Bail-in Conversion will all rank in priority to those common shares.

Given the nature of the Bail-in Conversion, holders or beneficial owners of Bail-inable Securities that are converted will become holders or beneficial owners of common shares at a time when the Bank's and potentially its affiliates' financial condition has deteriorated. They may also become holders or beneficial owners of common shares at a time when the relevant entity may have received or may receive a capital injection or equivalent support with terms that may rank in priority to the common shares issued in a Bail-in Conversion with respect to the payment of dividends, rights on liquidation or other terms although there is no certainty that any such capital injection or support will be forthcoming.

(h) ***Bail-inable Securities may be redeemed after the occurrence of a TLAC Disqualification Event.***

If the applicable Issue Terms specify that a TLAC Disqualification Event is applicable, the Bank may, at its option with the prior approval of the Superintendent, redeem all, but not less than all of the outstanding Securities of that Series within 90 days of the occurrence of the TLAC Disqualification Event at the Early Redemption Amount, together (if applicable) with any accrued but unpaid interest to (but excluding) the date fixed for redemption. If the Bank redeems the outstanding Securities of that Series, holders of such Bail-inable Securities may not be able to reinvest the proceeds from such redemption in securities offering a comparable anticipated rate of return. Additionally, although the terms of each Series of Bail-inable Securities are anticipated to be established to satisfy the TLAC criteria within the meaning of the TLAC Guideline to which the Bank is subject, it is possible that any Series of Bail-inable Securities may not satisfy the criteria in future rulemaking or interpretations.

2.3 **Risks associated with various options comprised in the Features of the Securities**

(a) ***There are risks of loss of investment where the Structured Securities have a 'leverage' within its Redemption Feature and Downside Feature***

'Leverage' refers to the use of financial techniques to gain additional exposure to the Underlying(s). A leverage within the Redemption Feature will magnify the impact of the performance of the Underlying(s) to cause a greater or lower return on the Structured Securities than would otherwise be the case in the absence of leverage. As such, a leverage within the Redemption Feature magnifies losses in adverse market conditions. In the terms of the Structured Securities, the leverage may be referred to variously as 'Gearing Rate', 'Return Factor', 'Participation Rate', 'Leverage', or other term and the Structured Securities will have 'leverage' where any of these factors is equal to more than 100 per cent. (or 1.00). The inclusion of a leverage in the Structured Securities means that the Structured Securities will be more speculative and riskier than in the absence of such feature, since smaller changes in the performance of the Underlying(s) can reduce (or increase) the return on the Structured Securities by more than if the Structured Securities did not contain a leverage feature. Investors should be aware that a small movement in the value of the Underlying(s) can have a significant effect on the value of the Structured Securities. Structured Securities with a leverage within the Redemption Feature are more likely to be affected by automatic cancellation in accordance with their terms. In such event, Securityholders may lose their investment.

(b) ***There are risks of significantly reduced returns where the Structured Securities include a cap in its Redemption Feature***

Where the Redemption Feature of the Structured Securities provide that the amount payable is subject to a pre-defined cap, the Investor's ability to participate in any positive change in the

value of the Underlying(s) will be limited, no matter how much the level, price or other value of the Underlying(s) rises above the cap level over the life of the Structured Securities. Accordingly, the value of or return on the Structured Securities may be significantly less than if the Securityholder had purchased the Underlying(s) directly.

(c) ***There are risks of loss of investment where the Structured Securities have a 'barrier' within its Coupon Feature or Redemption Feature***

If the calculation of any coupon or the calculation of any Redemption Amount depends on the level, value or price of the Reference Rate(s) or Underlying(s) reaching or crossing a 'barrier' during a specified period or specified dates during the term of the Structured Securities, such coupon or Redemption Amount may alter dramatically depending on whether the barrier is reached or crossed (as applicable). This means that the Investor may receive less if the level, value or price of the Underlying(s) crosses or reaches (as applicable) a barrier, than if it comes close to the barrier but does not reach or cross it (as applicable), and in certain cases the Securityholder might receive no interest payments and/or could lose some or all of its investment.

(d) ***There are risks where the Redemption Feature of Structured Securities depends only on the final performance***

If the Redemption Feature of Structured Securities determine the Redemption Amount based on the performance of the Underlying(s) as at the Redemption Valuation Date only (rather than in respect of multiple periods throughout the term of the Structured Securities) then the Investor may not benefit from any movement in level, value or price of the Underlying(s) during the term of the Structured Securities that is not reflected in the final performance.

(e) ***"There are risks of reduced returns in relation to Structured Securities linked to the Underlying Feature "Weighted Basket"***

Structured Securities with the Underlying Feature "Weighted Basket" are linked to a basket of Underlyings. In this case Securityholders will be exposed to the performance of each Underlying in the basket. Securityholders should refer to the relevant risk factors in the section relating to each of the asset classes represented. Investors should also consider the level of interdependence or 'correlation' between each of the basket constituents with respect to the performance of the basket. If the Underlyings are correlated, the performance of the Underlyings in the basket can be expected to move in the same direction (and vice versa) and Securityholders should consider the impact of this 'correlation' on the performance of the Structured Securities.

Securityholders should be aware that the performance of a basket with fewer constituents will be more affected by changes in the values of any particular basket constituent than a basket with a greater number of basket constituents.

The performance of basket constituents may be moderated or offset by one another. This means that, even in the case of a positive performance of one or more constituents, the performance of the basket as a whole may be negative if the performance of the other constituents is negative to a greater extent.

If the Underlyings in the basket have different weights, Securityholders should consider that the lower the weighting of the Underlying, the lower the impact of the performance of such Underlying on the performance of the entire basket.

(f) ***Structured Securities with an Underlying Feature "Worst-of" are dependent on the worst performing Underlying***

In case of Structured Securities with a "Worst-of" Underlying Feature, Securityholders will be exposed to the performance of the Underlying which has the worst performance, rather than any of the other Underlying(s). This means that, regardless of how the other Underlying(s) perform, if the worst performing Underlying fails to meet a relevant threshold or barrier for the payment of interest or the calculation of any redemption amount, Securityholders might receive no interest payments or return on their initial investment and they could lose some or all of their investment.

(g) ***There are risks of loss of interest where the Structured Securities have a 'conditional' coupon Feature***

If the Structured Securities include a 'conditional' coupon Feature, then the coupon will only be paid if the level, price or other applicable value of the Reference Rate(s) or Underlying(s) on the relevant valuation date(s) either reaches or crosses one or more specific barrier(s). It is possible that such level, price or other applicable value of the Reference Rate(s) or Underlying(s) on the relevant valuation date(s) will not either reach or cross the barrier(s) (as applicable), and therefore, no coupon will be payable on the relevant coupon payment date. This means that the amount of coupon payable to an Investor over the term of the Structured Securities will vary and may be zero.

(h) ***There are risks of loss of interest where the Structured Securities have a 'memory coupon' Feature***

If the Structured Securities include a 'memory coupon' Feature, the payment of coupons will be conditional on the value or performance of the Reference Rate(s) or Underlying(s). The coupon amount payable will be zero on a coupon payment date, if the Reference Rate(s) or Underlying(s) does not perform in accordance with the terms of the Securities although such payment will be deferred to the next coupon payment date. If the Reference Rate(s) or Underlying(s) meet(s) the performance criteria, the coupon payable will be an amount for the current coupon payment date plus any amounts deferred from previous coupon payment dates, where no coupon was paid. Securityholders will not be paid any coupon or other allowance for the deferred payments of coupon and it is possible that the Reference Rate(s) or Underlying(s) never meets the performance criteria, meaning that Investors will not receive any coupon at all for the lifetime of the Structured Securities.

(i) ***There are risks of loss of interest where the Structured Securities have a 'lock-in coupon' Feature***

If the Structured Securities include a 'lock-in coupon' Feature, the payment of coupons will be conditional on the value or performance of the Reference Rate(s) or Underlying(s). The coupon amount payable on a given coupon payment date will be zero, if the Reference Rate(s) or Underlying(s) does not perform in accordance with the terms of the Securities. Following the occurrence of a lock-in event, the coupon payments will be made regardless of the performance of the Reference Rate or Underlying from that point forward. However, it is possible that the Reference Rate(s) or Underlying(s) never meets the performance criteria for the payment of the lock-in coupon amount and/or the occurrence of a lock-in event, meaning that Investors will not receive any coupon at all for the lifetime of the Structured Securities.

(j) ***There are risks of loss of interest where the Structured Securities have a 'blended coupon' Feature***

If the Structured Securities include a 'blended coupon' Feature, the payment of coupons will be equal to the one Potential Coupon (among two or more of the methods for determining coupons set out in Payout Condition 2 (*Coupon Features*)) for Structured Securities that results in the highest, lowest or weighted amount of coupons, in each case as determined by the Calculation Agent. Depending on this determination made at the Calculation Agent's

discretion, the coupon amount payable on a given coupon payment date may be zero, and the Securityholder may even receive a lower amount than would have been the case if only a single method for determining the coupon had applied.

(k) ***There are risks of loss of interest where the Structured Securities have a 'Drop-back coupon' Feature***

If the Structured Securities include a 'Drop-back coupon' Feature, the payment of coupons will generally be lower if an Investment Event specified in the Issue Terms occurs sooner rather than later in the relevant coupon period, and any given coupon payment may even be as low as zero.

(l) ***There are risks of reduced returns where the Structured Securities have an Automatic Early Redemption Feature***

Where the terms and conditions of the Structured Securities include an Automatic Early Redemption Feature, it should be noted that the level of the Automatic Early Redemption Level and the time for redemption of the Structured Securities depends on whether the Observation Value of the Underlying is greater than, lower than, or equal to, as specified in the Issue Terms, its Automatic Early Redemption Level on an Automatic Early Redemption Valuation Date or within the Automatic Early Redemption Valuation Period, or, with respect to Target Coupons, whether the Cumulative Coupon is greater than, lower than, or equal to, the Coupon Target Level on any Automatic Early Redemption Valuation Date or the Automatic Early Redemption Valuation Period. If this occurs, the term of the Structured Securities ends early and the Structured Securities are redeemed early in accordance with the terms and conditions at a rate specified in the Issue Terms (the Exit Rate). In the case of such early redemption, the future price performance of the Underlying(s) of Structured Securities is irrelevant to the Securityholder, whose returns could be significantly reduced. Depending on what is specified in the Issue Terms as the Exit Rate, the amount received by the Securityholder may be lower than the initial price the Securityholder paid for the Structured Securities and may be zero.

(m) ***There are risks of reduced returns where the Structured Securities have a Knock-in Feature***

Where the terms and conditions of the Structured Securities include a Knock-in Feature, it should be noted that upon the occurrence of a Knock-in Event the Structured Security will be redeemed early and the Securityholder will receive an amount calculated on the basis of a Knock-in Ratio. If such Knock-in Ratio is negative, the amount received by the Investor will be lower than the initial price the Securityholder paid for the Structured Securities and may even be zero.

(n) ***There are risks of loss of investment where the Security has an Issuer Call or Securityholders Optional Early Redemption***

Where the terms and conditions of the relevant Security provide either 'Issuer Call' or 'Securityholders Optional Early Redemption' to be applicable, the yields received upon cancellation following a call by the Issuer or the Investor's exercise of the Investor put may be lower than expected, and – in case the redemption amount is not specified as a fixed Call Payment– the amount received by the Securityholder may be lower than the initial price the Securityholder paid for the Securities and may be zero.

(o) ***Securityholder meetings may negatively affect the Securities***

The terms and conditions of the Securities contain provisions for calling meetings (including at a physical location or by means of an electronic platform (such as a conference call or videoconference) or a combination thereof) of Securityholders, passing written resolutions or obtaining electronic consents to consider matters affecting their interests generally. These

provisions permit defined majorities to bind (and to modify or waive certain terms and conditions of the Securities or covenants and agreements made by the Bank) all Securityholders including Securityholders who did not attend and vote at the relevant meeting, sign a written resolution or provide an electronic consent and Securityholders who voted in a manner contrary to the majority, provided that an amendment, modification or variance that may affect the recognition of Bail-inable Securities by the Superintendent as TLAC or, any changes pursuant to the Underlying Specific Conditions - Interest Benchmark Linked Conditions that would change the effective redemption date of the Bail-inable Securities, will require the prior approval of the Superintendent.

- (p) ***Securities issued as "green bonds", "social bonds" or "sustainability bonds" may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets***

The Bank may issue Securities under the Programme where the use of proceeds is specified in the applicable Issue Terms to be for the financing and/or refinancing, in whole or in part, of future or existing green and/or social eligible businesses and green and/or social eligible projects, including the Bank's own operations, that fall within the Eligible Categories (see further under "Sustainable Securities") (any such Securities which may be "green bonds", "social bonds" or "sustainability bonds", the "**Sustainable Securities**").

The Bank will exercise its judgement and reasonable discretion in determining the businesses and projects that will be financed by the proceeds of Sustainable Securities. If the use of the proceeds of Sustainable Securities is a factor in an investor's decision to invest in Sustainable Securities, they should consider the disclosure in "Reasons for the Issue / Use of Proceeds" set out in the applicable Issue Terms and consult with their legal or other advisers before making an investment in Sustainable Securities. While it is the intention of the Bank to meet the National Bank of Canada Sustainability Bond Framework 2022 (as may be amended and updated from time to time) available on the following webpage: <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-framework-2022.pdf> (the "**Framework**"), no assurance is given by the Bank or the Dealers that any of the businesses and projects funded with the proceeds from Sustainable Securities will meet the Framework or an investor's expectations or requirements, whether as to green, environmental, social or sustainable impact or outcome or otherwise.

Furthermore, while the Bank intends to apply the net proceeds of the relevant Sustainable Securities and to publish the Sustainability Bond Report, as defined and described in the section "Sustainable Securities" of this Base Prospectus and the "Reasons for the Issue / Use of Proceeds" set out in the applicable Issue Terms, the Bank is not under any contractual obligation to allocate the net proceeds of such Sustainable Securities to finance eligible businesses and projects or to publish the Sustainability Bond Report or to maintain the Framework in place.

The Bank's failure to so allocate or report, the failure of any of the businesses and projects funded with the proceeds from Sustainable Securities to meet the Framework, the failure of external assurance providers to opine on the conformity of the Sustainability Bond Report with the Framework, or the cessation of the listing or admission of Sustainable Securities to trading on any dedicated "green", "environmental", "sustainable", "social" or other equivalently-labelled segment of any stock exchange on securities market (where applicable) will not constitute an Event of Default with respect to the relevant Sustainable Securities or give rise to any other claim of a holder of such Sustainable Securities against the Bank. Any such failure may affect the value of the relevant Sustainable Securities and/or have adverse consequences for certain investors with portfolio mandates to invest in sustainable, green or social assets or for a particular purpose.

Furthermore, it should be noted that there is currently neither a clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "sustainable", "social" or an equivalently labelled project or business, nor as to what precise attributes are required for a particular project or business to be defined as "green", "sustainable", "social" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Whilst a basis for the determination of such a definition has been established in the EU by way of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (as amended, the **"EU Taxonomy Regulation"**), and the related Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds (**"European Green Bonds"**) and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the **"EU Green Bond Regulation"**). The EU Green Bond Regulation entered into force on 20 December 2023 and has applied since 21 December 2024. It introduced a new voluntary label (the **"EU Green Bond Standard"**) for issuers of green use of proceeds bonds where the proceeds will be invested in economic activities aligned with the EU Taxonomy Regulation. No assurance is or can be given by the Bank or the Dealers to investors that any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from Sustainable Securities will meet any or all investor expectations regarding such "green", "sustainable", "social" or other equivalently-labelled performance objectives or any investment criteria or guidelines with which an investor or its investments are required to comply, whether by any present or future applicable law, regulation or standards (including as set out in the EU Taxonomy Regulation, the EU Taxonomy Regulation as it forms part of UK domestic law by virtue of the EUWA, the EU Green Bond Standard, Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainability-Related Disclosure in the Financial Services Sector (**"SFDR"**), any implementing legislation and guidelines or any similar legislation in the United Kingdom or any market standards or guidance including the International Capital Market Association's (ICMA) Sustainability Bond Guidelines (SBG) published in June 2021, applying both the ICMA Green Bond Principles (GBP) and the ICMA Social Bond Principles (SBP)) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from Sustainable Securities.

Any Sustainable Securities issued under the Programme will not be compliant with the EU Green Bond Standard (including the EU Taxonomy Regulation) and are only intended to comply with the requirements and processes of the Framework. It is not clear if the establishment under the European Green Bond Standard of the "European Green Bond" / "EuGB" label and the optional disclosures templates for bonds marketed as "environmentally sustainable" could have an impact on investor demand for, and pricing of, green use of proceeds bonds that do not comply with the requirements of the "European Green Bond" / "EuGB" label or the optional disclosures templates, such as the Sustainable Securities issued under the Programme. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any Sustainable Securities issued under the Programme that do not comply with the requirements of the EU Green Bond Standard.

If Sustainable Securities are at any time listed or admitted to trading on any dedicated "green", "environmental", "sustainable", "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, any Dealer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations (including with the EU Taxonomy Regulation, the EU Green Bond Regulation or SFDR) or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to

any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from Sustainable Securities. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Bank, any Dealer or any other person that any such listing or admission to trading will be obtained in respect of Sustainable Securities or, if obtained, that any such listing or admission to trading will be maintained during the life of the relevant Sustainable Securities. Furthermore, Sustainability Securities are not expected to satisfy any European Union criteria or taxonomies for environmentally sustainable financial products, investments or activities, including as set out under the EU Taxonomy Regulation, the EU Taxonomy Regulation as it forms part of UK domestic law by virtue of the EUWA or the EU Green Bond Regulation.

The Bank intends to apply the net proceeds of any Sustainable Securities and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in the section "Sustainable Securities" of this Base Prospectus and "Reasons for the Issue / Use of Proceeds" set out in the applicable Issue Terms. However, the related projects may not be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and accordingly such proceeds may not be totally or partially disbursed for such projects for reasons that are outside the Bank's control or which the Bank is not able to anticipate. In addition, there may not be at all times sufficient eligible assets to allow for the allocation of an amount equal to the proceeds of the issue of such Sustainable Securities in full. Nor can there be any assurance that any eligible project (where applicable) will be completed with the results or outcome (whether or not related to the environmental, sustainability, social or other objectives) as originally expected or anticipated by the Bank.

Any failure by the Bank to apply the net proceeds of any issue of Sustainable Securities as mentioned in the previous paragraph, any withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Bank is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or any such Sustainable Securities no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid (where applicable), may have a material adverse effect on the value of such Sustainable Securities and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

2.4 Risks associated with the liquidity and value of the Securities

(a) ***The Securities may not have an active trading market and an Investor must be prepared to hold the Securities until their scheduled maturity***

Investors must be prepared to hold the Securities until their scheduled maturity.

The Securities will have no established trading market when issued, and one may never develop. If a market develops, it may not be very liquid and Investors may not be able to find a buyer. Restrictions in respect of the purchase or sale of the Securities in some jurisdictions may also have an impact on the liquidity of the Securities. As a result, Securityholders may not be able to sell their Securities or, if they can, they may only be able to sell them at a price which is substantially less than the original purchase price.

The Securities may be listed on a stock exchange but the fact that they are listed will not necessarily lead to greater liquidity. If the Securities are not listed or traded on any exchange, their pricing information may be more difficult to obtain and they may be more difficult to sell.

The specified size of the offer represents the maximum amount of the Securities being offered but does not give any indication as to the volume of the Securities being effectively issued. This volume is determined according to the market conditions and may change during the term of the Securities, and a significant portion of the issuance of any Securities may be held by the Issuer or relevant Dealers. Therefore, Investors should note that it is not possible to predict the liquidity of the Securities in the secondary market based on the specified size of the offer. For these reasons as well, a secondary market for the Securities may not develop.

The Issuer is under no obligation to make a market or to repurchase the Securities (subject to the next paragraph). The Issuer and relevant Dealer may, but are not obliged to, at any time purchase Securities at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation. If any Securities are redeemed in part, then the number of Securities outstanding may decrease. Any of these activities may have an adverse effect on the liquidity or price of the outstanding Securities in the secondary market.

Any of the Dealer or other party may, as part of its activities as a broker and dealer in fixed income and equity securities and related securities or pursuant to stock exchange listing requirements, make a secondary market in relation to any Securities and may provide an indicative bid price on a daily basis. Any indicative prices so provided shall be determined by the relevant party in its sole discretion taking into account prevailing market conditions and shall not be a representation by such party that any Securities can be purchased or sold at such prices (or at all).

However, any of these parties may suspend or terminate making a market and providing indicative prices without notice, at any time and for any reason. Consequently, there may be no market for the Securities and Investors should not assume that such a market will exist. Securityholders may therefore not be able to sell their Security during its term and must be prepared to hold the Security until its scheduled maturity.

Additionally, in special market situations, where the Issuer or the relevant Dealer is unable to enter into hedging transactions or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded in order to limit the economic risks of the Issuer or the relevant Dealer.

(b) ***Investors in listed Securities are exposed to the risk that the Security could be delisted or suspended from trading, and this might have an adverse effect on the value of the Securities***

It is possible that, during the lifetime of the Securities, the Securities could be suspended from trading on or delisted from the relevant exchange or quotation system during the lifetime of the Securities. The Issuer is under no obligation to obtain a listing for any Securities and, if a listing is obtained, the Issuer is under no obligation to maintain it.

In such case, there could be an adverse impact on the value of and return on the Securities.

(c) ***The Securities may lose value if interest rates increase***

Particularly in relation to fixed rate Securities that are not linked to an underlying asset and have a term of ten years or more, in most cases an increase in interest rates during the term of the Securities will cause their value to decrease and if you sell the Securities prior to maturity you will receive less than the face amount of the Securities.

(d) ***The real return (or yield) on an investment in Securities will be reduced by inflation.***

The higher the rate of inflation, the lower the real yield on a Security will be.

If the terms and conditions of the Securities provide that some or all of the principal shall be repaid at maturity, such scheduled principal repayment will not provide protection from the effect of inflation. After adjustment for inflation, the real return (or yield) on the Securities at maturity could be negative.

More generally, if the inflation rate is equal to or greater than the yield under a Security, the real yield a holder of such Security will achieve will be zero or even negative.

Accordingly, inflation may have a negative effect on the value of and return on the Securities. You should consider the potential impact of inflation (including if the rate of inflation is anticipated to rise over the term of the Securities) before purchasing Securities.

(e) ***The secondary market prices of the Securities will likely be lower than the original issue price of the Securities and sale of the Securities in a secondary market may result in a loss***

Any secondary market prices of the Securities will likely be lower than the original issue price of the Securities because, among other things, secondary market prices will likely be reduced by selling commissions, profits and hedging and other costs that are accounted for in the original issue price of the Securities. As a result, the price, if any, at which the relevant Dealer or any other person would be willing to purchase the Securities in secondary market transactions, if at all, is likely to be lower than the original issue price. In particular, the issue price may take into account amounts with respect to commissions relating to the hedging of the Issuer's obligations under such Securities, and secondary market prices are likely to exclude such amounts. In addition, pricing models of market participants may differ or produce a different result. Accordingly, any sale of the Security by a Securityholder prior to the scheduled redemption date could result in a substantial loss to the Securityholder.

If listed, the Securities can be traded on an exchange during their term. However, the prices of the Securities are not determined according to supply and demand, since if there is a secondary market, it will likely be provided by a market maker (e.g., potentially the relevant Dealer or a third party, as the case may be, in such role). Any such market maker will quote independently calculated bid and offer prices for the Securities on the secondary market. This price calculation is performed on the basis of customary pricing models of the market maker in which the theoretical value of the Security is basically determined on the basis of the value of the Underlying(s) and other adjustable parameters. The other parameters may include derivative components, expected income from the Underlying(s) (e.g., dividends), interest rates, the term or remaining term of the Security, the volatility of the Underlying(s) and the supply and demand situation for hedging instruments. These or other value-determining parameters may lead to a depreciation in value of the Security, even if during the term the Underlying(s) develop favourably for the Investor. See Section 2.6(a)(vii) below.

(f) ***The purchase price of a Security may not reflect its inherent value***

Investors should be aware that the purchase price of a Security does not necessarily reflect its inherent value. Any difference between a Security's purchase price and its inherent value may be due to a number of different factors including, without limitation, prevailing market conditions and fees, discounts or commissions paid or earned by the various parties involved in structuring and/or distributing the Security. Any such difference will result in a decrease in the value of an issue of Securities, particularly in relation to any such Securities sold immediately following the issue date or offer period relating to such Securities.

(g) ***Securityholders are exposed to the risks of adverse foreign exchange rate movements where the Underlying(s) is one or more rates of exchange or because the currency of the Underlying(s) needs to be converted to the currency of the Security and/or where the currency of the Security is different from the currency of the Investor's home jurisdiction,***

and could lose some of their investment or realise a lower return than in the absence of such foreign exchange feature

If the return on the Security is dependent on one or more foreign exchange rate(s) – either because the Underlying(s) is one or more rates of exchange or because the currency of the Underlying(s) needs to be converted to the currency of the Security – a Securityholder is exposed to the risk of adverse movements in the value of the relevant foreign currency compared to the relevant base currency or currency of the Security.

A Securityholder will also be exposed to the risk of adverse foreign exchange rate movements where the currency of the Security is different from the currency of the Securityholder's home jurisdiction.

Exchange rates are determined by supply and demand factors on international foreign exchange markets, which are subject to economic factors, speculation and actions by governments and central banks (such as currency controls or restrictions) and cannot be predicted. Also, significant movements in exchange rates may not correlate with the performance of the Underlying(s) or other variables such as interest rates, and the timing of such changes may have a negative impact on the value of and return on the Securities. This may result in a significant loss of the Investor's investment in the Security or the realisation by the Investor of a lower return than it would have obtained in the absence of such foreign exchange feature. For foreign exchange risks related to Credit Linked Notes where Physical Settlement applies, see 2.1(a)(xi)(K) (*Risks in case of redemption by Physical Settlement*).

(h) *Changes in tax law or in the tax treatment of the Securities could have a negative impact on the value of and the return on the Security to an Investor*

Investors should be aware that it is possible that the tax regime applicable to the Securities may be changed in a manner not foreseeable at the time the Securities are issued and any such change may occur with retrospective or retroactive effect. A risk of changes in the tax treatment of the Securities exists for all relevant jurisdictions. The level and basis of taxation on the Securities and on the Investor depend on the Investor's individual circumstances and could change at any time and may have an adverse impact on the return received by the Investor under the Security.

Any statements made in this Base Prospectus regarding the tax treatment of the Securities only relate to the purchase of the Securities immediately after the issue (primary purchase). Both in the case of primary purchase and if an Investor purchases the Securities later, prior to the purchase Investors should therefore seek advice from a tax advisor about the tax effects in connection with the purchase, holding, exercising or sale of the Securities. Furthermore, it is possible that the tax authorities may come to a different conclusion than the Issuer regarding tax treatment when interpreting and applying the relevant tax rules to the Securityholder's investment in the Securities. Any such tax treatment could have an adverse impact on the return received by the Securityholder under the Security.

(i) *Payments on the Securities may be treated as "dividend equivalent" payments and subject to U.S. withholding tax*

Under section 871(m) of the Code and regulations thereunder, a payment on a financial instrument that references a U.S. equity or an index that includes a U.S. equity (each, a "**Specified Security**") may be treated as a "dividend equivalent" payment. Such payments generally will be subject to U.S. withholding tax at a rate of 30 per cent. If withholding applies, the Issuer will not pay any additional amounts with respect to amounts withheld. The relevant Issue Terms will indicate if the Issuer has determined that a Security is subject to withholding under section 871(m) of the Code. Although the Issuer's determination generally is binding on Investors, it is not binding on the U.S. Internal Revenue Service. The U.S. Internal Revenue

Service may successfully argue that payments on a Security are subject to withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. Investors should consult their tax advisors regarding the U.S. federal income tax consequences to them of section 871(m) and regulations thereunder, and whether payments or deemed payments on the Securities constitute dividend equivalent payments.

2.5 Risks associated with Securities linked to one or more Underlyings

- (a) ***The performance of the Underlying(s) is not possible to predict and the economic relationship between the value of and return on the Securities and the performance of the Underlying(s) may not be clear***

The calculation of the redemption amount payable or, in the case of Securities with redemption by delivery of the relevant Underlying(s), the number of the Underlyings to be delivered at maturity and, if and to the extent that the Securities have a variable interest rate, the coupon amounts may depend on the performance of one or more Underlying(s) during the term. This means that there is a connection between the economic value of the Securities and the economic value of the Underlying(s) to which the Security is linked.

However, investors should be aware that there may not be a direct relationship between the market value of the Securities and the current price of the relevant Underlying(s) since the market value of the Securities may also be affected by factors other than the current price of the relevant Underlying(s), such as volatility of such Underlying(s), dividend payments or movements in the general interest rates etc. Therefore, positive changes in the price of the relevant Underlying(s) do not necessarily lead to a change in the market value of the Security which is positive for the Securityholder. A depreciation of the Security moreover may even occur if the relevant price of the relevant Underlying(s) remains constant. Investors should note that changes in the price of the relevant Underlying(s) (or even a situation where an expected price change does not occur) can reduce the value of the Securities to a disproportionately high extent and even render them worthless, unless the Securities provide for payment of a scheduled minimum redemption amount (or for partial redemption amounts). In particular, Investors should not assume that the price of the Securities will recover in time in view of the limited life of the Securities.

Depending on the performance of the Underlying(s) and the Security, Investors may lose some or all of their investment.

- (b) ***Investors have no claim against or interest in any Underlying(s)***

The Issuer has no obligation to hold the Underlying(s). Securityholders will not have any legal or beneficial rights of ownership in the Underlying(s). For example, where the Underlying(s) is a share, Investors will have no voting rights, no rights to receive dividends or other distributions or any other rights with respect to the Underlying(s). In addition, Securityholders will have no claim against any share issuer, index sponsor, fund issuer, fund sponsor or any other third party in relation to an Underlying(s); such parties have no obligation to act in Investors' interests. Accordingly, Securityholders may receive a lower return on the Securities than they would have received had they invested directly in the Underlying(s).

- (c) ***Risks associated with Securities linked to Underlying(s) which are shares***

- (i) ***Variable unpredictable factors may affect the performance of shares***

The performance of the relevant share cannot be predicted and is determined by macroeconomic factors, for example interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. Any one or a combination of such factors could adversely affect

the performance of the Underlying(s) which, in turn, would have an adverse effect on the value of and return on the Securities.

- (ii) *There may not be a direct relationship between the share and the market value of the Securities and Investors will not be able to participate in dividends or other distribution on the shares*

Owning Securities with principal, premium or interest determined by reference to a share is not the same as owning the share. Accordingly, the market value of such Securities may not have a direct relationship with the market price of the share and changes in the market price of the share may not result in a comparable change in the market value of the Securities. For example, the market value of such Securities may not increase even if the price of the share increases. It is also possible for the price of the share to increase while the market price of such Securities declines. Investors in Securities linked to shares will not have any voting rights or rights to dividends or interest payments or other distributions or other rights relating to the share. Therefore, the return on the Securities may be lower than holding such Underlying(s) directly.

- (iii) *Actions by the issuer of a share may negatively affect the Securities*

The issuer of common shares of a company will not have participated in the offering and issuance of the Securities and neither of the Issuer nor the relevant Dealer will have made any investigation or enquiry in relation to the share issuer for the purposes of the Securities. Therefore, there can be no assurance that all events occurring prior to the Issue Date of the Securities that would affect the trading price of the relevant share(s) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the share issuer could negatively affect the trading price of the share and therefore the price of the Securities. Also, investors should be aware that the issuer of any common shares may or may not take actions in respect of common shares without regard to the interests of Securityholders and any of these actions could have a negative effect on the value of and return on the Securities.

- (iv) *Hedging activities of the Bank and any of its affiliates may negatively affect the Securities*

The Bank and/or any of its affiliates may hedge the Bank's obligations under the particular Securities by doing one or a combination of the following: purchasing or selling the Underlying and/or futures contracts or options on the Underlying, or other derivative instruments with returns linked or related to changes in the performance of the Underlying, and the Bank and/or any of its affiliates are likely to adjust these hedges by, among other things, purchasing or selling the Underlying and/or futures contracts, options, or other derivative instruments with returns linked or related to changes in the performance of the Underlying, from time to time. Any of these hedging activities may, but are not expected to, impact the market price and/or the level of the Underlying, and, therefore, increase or decrease the market value of the particular Securities. It is possible that the Bank and/or any of its affiliates could receive substantial returns from these hedging activities while the market value of the particular Securities declines. The Bank may benefit from the difference between the amount it is obligated to pay under the particular Securities, net of related expenses, and the returns it may generate in hedging such obligation. The Bank and/or any of its affiliates may also engage in trading in the Underlying and other investments relating to the Underlying on a regular basis as part of their general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers. Any of these activities, among others, could impact the market price and/or the level of the Underlying and, therefore, may increase

or decrease the market value of the Securities. The Bank and/or any of its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying. By introducing competing products into the marketplace in this manner, the Bank and/or any of its affiliates could adversely affect the market value of the Securities.

- (v) *Trading activities of the Bank and any of its affiliates may negatively affect the Securities*

The Bank or one or more of its affiliates may also engage in trading in the referenced shares or investments relating to the shares on a regular basis as part of general broker-dealer and other businesses of the Bank or any of its affiliates, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could affect the price of the referenced shares and, therefore, the value of the associated Securities. The Bank or one or more of its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of the referenced shares and the availability of such competing products could adversely affect the value of the Securities.

- (vi) *Other activities of the Bank and any of its affiliates may negatively affect the Securities*

The Bank or one or more of its affiliates may, at present or in the future, engage in business with an issuer of referenced shares or its competitors, including making loans to or equity investments in an issuer of referenced shares or its competitors or providing either with investment banking, asset management or other advisory services, including merger and acquisition advisory services. These activities may present a conflict between the Bank's or its affiliates' obligations and the interests of Securityholders. Moreover, the Bank or one or more of its affiliates may have published and may in the future publish research reports on an issuer of referenced shares which may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. Any of these activities could affect the price of the referenced shares and, therefore, the value of the associated Securities.

- (vii) *No pledging or holding of the shares*

Neither the Bank nor any of its affiliates will pledge or otherwise hold the referenced shares, instruments or other derivative instruments for the benefit of Securityholders in order to enable Securityholders to exchange Securities for the associated referenced shares, instruments or other derivative commitments under any circumstances. Consequently, in the event of a bankruptcy, insolvency or liquidation of the Bank, any of the referenced shares, instruments or other derivative commitments owned by the Bank or any of its affiliates will be subject to the claims of the Bank's creditors generally and will not be available specifically for the benefit of Securityholders.

- (d) ***Risks associated with Securities linked to Underlying(s) which are indices***

In the case of Securities linked to indices, the redemption amount depends on the performance of the index and thus of the components contained in the index. During the term, the market value of the Securities can, however, also deviate from the performance of the index or components contained in the index since other factors, such as the correlation, volatilities, interest level and (if applicable) the reinvestment of any dividend payments relating to the components contained in the index, may have an impact on the performance of the Securities.

In the case of a 'price index' as an underlying, investors should note that dividend payments are in principle not taken into account (whereas in the case of a 'performance index' the

calculation of such index takes into account all dividend payments). Therefore, investors should note that they will not participate in any dividend payments with regard to the components contained in the underlying.

Investors should note that the index sponsor or the person responsible for the composition of the Index as well as the Issuer may be subject to new regulatory requirements with regard to the publication and the use of an index during the term of the Securities which may require an admission or a registration of the respective index and an index modification in order to comply with the statutory provisions. Therefore, it cannot be excluded that an index will be modified, cancelled or may no longer be used. In each of these cases the Issuer and/or the Calculation Agent is entitled to make adjustments pursuant to the terms and conditions of the Securities and to make determinations with respect to the price of the index, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, in order to calculate the amount owed at the end of the term of the Security and/or after an exercise or in the case of a termination of the Securities.

The index sponsor may, in its reasonable discretion, either (i) on a regular basis and, as the case may be, on non-predetermined dates or (ii) upon the occurrence of extraordinary events, remove or replace or add new components to such an Index or make other changes to the methodology. A new component may perform significantly better or worse than the replaced component, which in turn may affect the payments to be made by the Issuer to the Investor. The index sponsor or the person responsible for the composition of the Index may also change, discontinue or suspend the calculation or distribution of the Index and there can be no assurance that such decisions will be beneficial to the performance of the Index. The index sponsor of an Index may take any action in relation to the Index without regard to the interests of the Investor and any such action may adversely affect the market value of the Securities.

The rules of the Index may provide, where applicable, that an Index fee shall be charged by the index sponsor or by the calculation agent for the Index or by the person responsible for the composition of the Index which reduces the level of the Index. This will particularly be the case if there is a discretion of the index sponsor or the calculation agent for the Index or the person responsible for the composition of the index regarding the selection of the index components. Accordingly, there is a risk that the Index does not reflect the performance of the Index components or does so only partially. In the case of indices whose start date is close to or shortly before the initial fixing date or the fixing period of the Securities, historical information on the performance of the Index is missing or is only available to a limited extent.

(e) ***Risks associated with Securities linked to Underlying(s) which are commodities or commodity indices***

(i) *Variable unpredictable factors may affect the performance of commodities*

Trading in commodities and futures contracts is speculative and can be extremely volatile. Their market prices may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships, weather, agriculture, trade, fiscal, monetary, and exchange control programs, domestic and foreign political and economic events and policies, disease, technological developments, wars and changes in interest rates. These factors may adversely affect the value of an Underlying or its components in varying ways, and different factors may cause the levels and volatilities of commodity prices to move in inconsistent directions at inconsistent rates. Additionally, certain commodities may relate to a single industry (e.g., energy). These Underlyings are likely to be more volatile than other types of market measures which represent a broad base of commodities.

The prices of commodities represented by or included in the Underlying may therefore change unpredictably, affecting the value of your Securities in unforeseeable ways.

(ii) *Market disruptions*

Suspension or disruptions of market trading in the applicable commodities and related futures contracts may adversely affect the value of the Securities. The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits", and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. Any such distortion, disruption, or any other force majeure (such as fire, flood, severe weather conditions, act of governmental authority, labour difficulty, etc.), may adversely affect the value of or trading in the Underlying, or the manner in which it is calculated, and therefore, the value of the Securities.

(iii) *Regulatory risks*

Legal and regulatory changes could adversely affect trading in a specific commodity, for example limits on the size of positions that can be held by market participants in futures contracts and OTC derivatives on physical commodities. Any such limits could restrict the ability of certain market participants to participate in the commodities, futures contracts and swap markets and markets for other OTC derivatives on physical commodities to the extent and at the levels that they have in the past. These factors may also have the effect of reducing liquidity and increasing costs in these markets as well as affecting the structure of the markets in other ways. In addition, legislative and regulatory changes have increased, and will continue to increase, the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures contracts and OTC derivatives markets. These legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. In addition, transaction costs incurred by market participants are likely to be higher than in the past, reflecting the costs of compliance with the new regulations. These consequences could adversely affect the value of an Underlying, which could in turn adversely affect the return on and value of the Securities.

(iv) *Limited information*

Information on the Underlying may not be readily available. There is no systematic reporting of last-sale information for many commodities and commodity indices. Reasonable current bid and offer information may be available in certain brokers' offices, in bank trading offices, and to others who wish to subscribe for this information, but this information will not necessarily reflect the applicable level relevant for determining the value of the Securities. The absence of last-sale information and the limited availability of quotations to individual investors make it difficult for you and other investors to obtain timely, accurate data about the state of the commodity markets.

(v) *Specific additional risks of commodity futures contracts*

An investment linked to commodity futures contracts is not equivalent to an investment linked to the spot prices of physical commodities. If the Underlying is or includes a commodity futures contract or an index that is composed of commodities futures contracts, the performance of such Underlying will be based on the change in price of futures contracts, not the change in the spot price of actual physical commodities to which such futures contracts relate. The price of a futures contract reflects the expected value of the commodity upon delivery in the future, whereas the price of a physical commodity reflects the value of such commodity upon immediate delivery, which is referred to as the "spot price".

There are various reasons for some difference between the price of a commodity futures contract and the spot price of a commodity, including the cost of storing such commodity for the length of the futures contract, interest costs related to financing the purchase of such commodity and expectations of future supply and demand for such commodity. While the changes in the price of a futures contract are usually correlated with the changes in the spot price, such correlation is not exact. In some cases, the performance of a commodity futures contract can deviate significantly from the spot price performance of the related underlying commodity, especially over longer periods of time. Accordingly, investments linked to the return of commodities futures contracts may underperform similar investments that reflect the spot price return on physical commodities and correspondingly the return under the Securities.

(vi) *Specific additional risks of commodity indices*

The Underlying may include a commodity index. Commodity indices generally reflect movements in commodity prices by measuring the value of futures contracts for the applicable commodities. To maintain the index, as futures contracts approach expiration, they are replaced by similar contracts that have a later expiration. For example, a futures contract purchased and held in August may specify an October expiration date. As time passes, the contract expiring in October may be replaced by a contract for delivery in December. This process is referred to as "rolling". The level of the index is calculated as if the expiring futures contracts are sold and the proceeds from those sales are used to purchase longer-dated futures contracts. The difference in the price between the contracts that are sold and the new contracts for more distant delivery that are purchased is called "roll yield," and the change in price that contracts experience while they are components of the index is sometimes referred to as "spot return".

If the expiring futures contract included in the index is "rolled" into a less expensive futures contract with a more distant delivery date, the market for that futures contract is (putting aside other considerations) trading in "backwardation". In the example above, the purchase of the December contract would take place at a price that is lower than the sale price of the October contract. In this case, the effect of the roll yield on the level of the applicable index will be positive because it costs less to replace the expiring futures contract. However, if the expiring futures contract included in the index is rolled into a more expensive futures contract with a more distant delivery date, the market for that futures contract is trading in "contango". This would occur, for example, if the purchase of the December contract took place at a price that is higher than the sale price of the October contract. In this case, the effect of the roll yield on the level of the index will be negative because it will cost more to replace the expiring futures contract.

There is no indication that the markets for any specific commodity will consistently be in backwardation or that there will be a positive roll yield that increases the level

of any applicable index. It is possible, when near-term or spot prices of the constituent commodities are decreasing, for the level of that index to decrease significantly over time even when some or all of the constituent commodities are experiencing backwardation. If all other factors remain constant, the presence of contango in the market for a commodity included in an index could generally result in negative roll yield, even when the near-term or spot prices of the constituent commodities are stable or increasing, which could decrease the level of that index and the market value of the Securities.

Changes in the composition and valuation of a commodity index may adversely affect the value of the Securities. The composition of a commodity index may change over time as additional commodities satisfy the eligibility criteria or commodities or futures contracts currently included in that index fail to satisfy such criteria. The weighting factors applied to each commodity included in an index may change over time, based on changes in commodity prices, commodity forward curves, production statistics, or other factors. In addition, the index sponsor may modify the methodology for determining the composition and weighting of that index and for calculating its value in order to assure that that index represents a measure of the performance over time of the markets for the applicable commodities. Modifications to the methodology for determining the commodities or futures contracts to be included in an index and for valuing that index may be made in the future. These changes could adversely affect the level of that index, and the value of the Securities.

In addition, the index sponsor may discontinue or suspend calculation or dissemination of an index or materially alter the methodology by which it calculates an index. Any such actions could affect the value of the Securities.

(f) ***Risks associated with Securities linked to Underlying(s) which are funds***

Factors affecting the performance of a fund (the "**Fund**") (being either (i) an exchange traded fund ("**ETF**"), which is an open ended or other fund traded on an exchange, or (ii) a fund, in each case that tracks or is linked to the performance of a portfolio of assets) may adversely affect the market value of, and the return (if any) on, the Securities linked to such Fund.

The performance of a Fund is dependent upon the macroeconomic factors affecting the performance of such assets which may include, among other things, interest and price levels on the capital markets, commodity prices, currency developments, political factors and, in the case of shares, company specific factors, such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors affecting the performance of the Fund(s) may adversely affect the market value of, and the return (if any) on, the Securities linked to such Funds.

(i) *Exposure to the risk that the return on the Securities does not reflect the return on a direct investment in the fund units or ETF shares or the assets included in the portfolio of the Fund(s)*

An Investor's return on Securities linked to one or more Funds may not reflect the return such Investor would realise if he or she actually owned the relevant fund units, ETF shares or assets included in the portfolio(s) of the Fund(s). For example, if the portfolio of the Fund(s) includes shares or a share index, Investors in the Securities linked to such Fund will not receive any dividends paid on such shares or the shares included in such share index and will not benefit from those dividends unless such Fund takes such dividends into account for purposes of calculating the value of such Fund. Similarly, Investors in Securities linked to Fund(s) will not have any voting rights in the shares or other assets that are included in the portfolio(s) of the Fund(s). Accordingly, an Investor in Securities linked to Fund(s) may receive a lower payment

(if any) upon redemption of such Securities than such Investor would have received, if he or she had directly invested in the fund units, ETF shares or assets included in the portfolio of such Fund(s).

- (ii) *A change in the composition or discontinuance of the Fund(s) could adversely affect the market value of, and return (if any) on, Securities linked thereto*

In principle, the Issuer and the Calculation Agent have no influence on the composition or performance of any Fund or any index that such Fund is intended to replicate. The management company or the licensor/sponsor, as applicable, of an underlying index can add, delete or substitute the assets included in such index, respectively, or make methodological changes that could affect the value of such Fund or of such underlying index, respectively. The substitution of assets included in the portfolio of a Fund or in an underlying index, respectively, may affect the value of such Fund, as a newly added asset may perform significantly worse or better than the asset it replaces, which in turn may affect the market value of, or payments (or other benefits to be received) under, the Securities. The management company or licensor/sponsor of any underlying index may also alter, discontinue or suspend calculation or dissemination of information on such Fund or such underlying index, respectively. The management company and licensor/sponsor of such underlying index are not involved in the offer and sale of the Securities and have no obligation to invest therein. The management company and licensor/sponsor of such underlying index may take any actions in respect of such Fund or such underlying index, respectively, without regard to the interests of the Investors in Securities, and any of these actions could adversely affect the market value of (or amount payable under) such Securities. In particular, no assurance can be given that the performance of a Fund will be identical to the performance of the assets included in the portfolio of the Fund(s) or which the Fund intends to replicate, respectively, due to many factors.

- (iii) *Risks in relation to market price*

The market price of interests in the Fund that are traded on an exchange may, due to the forces of supply and demand, as well as liquidity and scale of trading spread in the secondary market, diverge from their net asset value, *i.e.*, the market price per interest in the Fund could be higher or lower than its net asset value, and will fluctuate during the trading day.

The performance of Fund(s) with a portfolio of assets that are concentrated in the assets of a particular industry or group of industries could be more volatile than the performance of Funds with portfolios of more diverse assets.

- (iv) *Risks in relation to costs of Funds*

A Fund's performance will be affected by the fees and expenses which it incurs, as described in its offering documents. Such fees and expenses may include the investment management fees, performance fees and operating expenses typically incurred in connection with any direct investment in a Fund. A Fund will assess fees and incur costs and expenses regardless of its performance. High levels of trading could cause a Fund to incur increased trading costs. Investors of Securities linked to Fund(s) will be exposed to a *pro rata* share of the fees and expenses of the relevant Fund(s).

- (v) *Valuation risk in relation to a Fund*

The Calculation Agent will rely on the calculation and publication of the net asset value per fund unit by the relevant Fund itself (or another entity on its behalf). Any delay, suspension or inaccuracy in the calculation and publication of the net asset value

per fund unit will impact on the calculation of the return on the Securities. The value of and return on the Securities may also be reduced if a Fund delays payments in respect of fund share redemptions.

The fund units and/or the investments made by a Fund may be valued only by administrators, custodians or other service providers of the Fund and may not be verified by an independent third party on a regular or timely basis. There is a risk that (i) the determinations of the Calculation Agent may not reflect the true value of the fund units at a specific time which could result in losses or inaccurate pricing and/or (ii) relevant values may not be available on a relevant date which could result in the fund units of the Fund being determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results.

(vi) *Risk that strategies of a Fund may not be successful in achieving its investment objective*

The value of a Fund will be affected by the investment strategy of the relevant Fund. The investment strategy is often opaque and may not be publicly available. In addition, Funds are often illiquid and/or unregulated. The value of the fund shares or units or the level of a fund index is also exposed to the performance of various fund service providers, in particular, the investment adviser.

No assurance can be given that the investment strategy of a Fund will be successful or that the investment objective of such Fund will be achieved, or that any analytical model used by the relevant management company will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which such Fund has invested or will invest will prove accurate. The analytical models utilised by a management company of a Fund and upon which investment decisions are based may be developed from historical analysis of the performance or correlation of historical analysis of the performance or correlations of certain companies, securities, industries, countries or markets. There can be no assurance that the historical performance that is used to determine such analytical models will be a good indicator of future performance, and if the future performance of a Fund varies significantly, the management company of such Fund may not achieve its intended investment performance.

No assurance can be given that the strategies to be used by a Fund will be successful under all or any market conditions. A Fund may utilise financial instruments such as derivatives for investment purposes or seek to hedge against fluctuations in the relative values of the Fund's portfolio positions as a result of changes in exchange rates, interest rates, equity prices and levels of yields and prices of other securities. Such hedging transactions may not always achieve the intended outcome and can also limit potential gains.

The management of a Fund may have broad discretion over its investment strategy, within specified parameters. A Fund could, for example, alter its investment focus within a prescribed market. Any shift in strategy could bear adverse consequences to a Fund's investment performance. Further, a Fund may have difficulty realising on any strategy initiatives that it undertakes. It may not sometimes be clear whether the Fund fulfils the investment criteria set out in its investment guidelines.

There are many possible events that can occur in respect of a Fund and have an impact on the Fund, including (a) a merger of the Fund or Fund Service Provider another entity, an entity obtaining a controlling stake in the Fund or Fund Service Provider or the insolvency of the Fund or any Fund Service Provider (Global Events), (b) material

litigation or allegations of criminal or fraudulent activity in respect of the Fund or Fund Service Provider (Litigation/Fraudulent Activity Events), (c) the Fund Service Provider or its key personnel ceasing to act and not being replaced (Fund Service Provider/Key Person Events), (d) a material change to the Fund or the Fund Documents (Modification Events), (e) a change to or suspension of the calculation of the NAV per Fund Share or a breach of the AUM Level, NAV Trigger Percentage or Volatility Trigger Percentage (NAV per Fund Share/AUM Level Events), (f) the failure of the Fund or the Fund Service Provider to provide required information (Reporting Events), (g) a change in tax law, revocation of any required licence or compulsory redemption of the fund shares required by a competent authority (Tax/Law/Accounting/Regulatory Events), (h) an issue affecting the hedging associated with the Securities (Hedging/Impracticality/Increased Costs Events), (i) a restriction or limitation on subscriptions or redemptions of any fund shares (Dealing Events) and (j) other events such as an issue with any rebate agreements, segregation of Fund portfolios, security granted by the Fund or any Fund Service Provider or a rating downgrade. If an such Extraordinary Fund Event occurs, the Issuer may, (i) require the Calculation Agent to adjust the terms of the Securities to reflect such event, (ii) substitute the relevant Fund Shares, or (iii) redeem the Securities early. Consequently, the occurrence of an Extraordinary Fund Event may have an adverse effect on the value or liquidity of the Securities and the amount investors can expect to receive on their investment.

(vii) *Specific risks in respect of a Fund index*

A Fund index may be subject to a modification of its methodology or a permanent cancellation of the Fund index or there may be cases where the fund index sponsor fails to calculate or publish the level of the Fund index on a relevant date for valuation. Upon the occurrence of any such Fund Index Adjustment Event, (i) the Calculation Agent may determine whether to (x) determine the level of the fund index itself, or (y) replace the fund index, (ii) the Calculation Agent may determine such other appropriate adjustments to be made to the terms of the Securities to account for the Fund Index Adjustment Event, or (iii) the Issuer may redeem Securities early. Consequently, the occurrence of a Fund Index Adjustment Event may have an adverse effect on the value or liquidity of the Securities and the amount investors can expect to receive on their investment.

(viii) *Date for redemption may be postponed if Hedge Entity does not receive redemption proceeds from Fund shares*

In the event that redemption proceeds in respect of the underlying Fund shares are not received by the Hedge Entity on or prior to the scheduled Redemption Date, for example, if redemption is delayed or suspended by the Fund, the Redemption Date may be postponed for a period of up to two calendar years and no additional amount shall be payable as a result of such delay. Such delay could have a significant adverse impact on the amount that an investor would have otherwise received had such date for redemption not been postponed.

(g) ***Risks associated with Securities linked to Underlying(s) which are inflation indices***

In the case of Securities linked to inflation indices, the interest or redemption amount depends on the level of the inflation index. During the term, the market value of the Securities can, however, also deviate from the level of the index since other factors, such as interest levels and currency exchange rates in the markets measured by the index may have an impact on the market value of the Securities.

Securityholders should note that the index sponsor or the person responsible for the composition of the inflation index as well as the Issuer may be subject to new regulatory requirements with regard to the publication and the use of an index during the term of the Securities which may require an admission or a registration of the respective index and an index modification in order to comply with the statutory provisions. Therefore, it cannot be excluded that an index will be modified, cancelled or may no longer be used. In each of these cases the Issuer and/or the Calculation Agent is entitled to make adjustments pursuant to the terms and conditions of the Securities and to make determinations with respect to the level the index, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results. In order to calculate the amount owed at the end of the term of the Security and/or after an exercise or in the case of a termination of the Securities.

The index sponsor may, on non-predetermined dates or upon the occurrence of extraordinary events, remove or replace or add new components to such an Index or make other changes to the methodology. The index sponsor or the person responsible for the composition of the Index may also change, discontinue or suspend the calculation or distribution of the inflation index. The index sponsor may take any action in relation to the inflation index without regard to the interests of the Securityholder and any such action may adversely affect the market value of the Securities.

(h) ***Risks associated with Securities linked to Underlying(s) which are futures contracts***

There is generally a close correlation between the price movement of an underlying for the relevant futures contract on a spot market and on the corresponding futures market. However, futures contracts are generally traded at a premium or discount compared with the spot price of the underlying of the futures contract. This difference between the spot and futures contracts prices, called the 'basis' in futures contracts exchange terminology, on the one hand is the result of taking into account the costs customarily arising in connection with spot transactions (warehousing, delivery, insurance, etc.) and/or the income customarily arising in connection with spot transactions (interest, dividends, etc.), and on the other hand the different methods used to evaluate general market factors affecting the spot and the futures contracts market. Furthermore, depending on the relevant underlying, there can be significant differences in the liquidity of the spot and respective futures contracts market.

As the Securities are linked to the market price of the futures contracts specified in the Issue Terms, investors should understand how futures contracts transactions work and are valued in addition to knowing about the market in the underlying of the relevant futures contract to be able to properly assess the risks inherent in purchasing the Securities.

Since futures contracts as an Underlying of the Securities may have a fixed expiry date, where the relevant futures contract expires prior to the maturity of the Security, the futures contract will be replaced upon expiration, with a futures contract that has the same contract specifications as that futures contract except for the expiry date which is more distant than that of the current futures contract (referred to as "**roll-over**"). Roll-over can affect the investment value of the Underlying in a number of ways, including:

- (i) ***The investment in futures contracts may be increased or decreased through roll-over:*** Where the price of a near-dated futures contract is greater than the price of the longer-dated futures contract (in such case the futures contract is said to be in "backwardation"), then the roll-over from the former to the latter will result in exposure to a greater number of the longer-dated futures contract being taken. Therefore, any loss or gain on the new positions for a given movement in the prices of the futures contract will be greater than if one had synthetically held the same number of futures contracts as before the "roll". Conversely, where the price of the near-dated futures contract is lower than the price of the longer-dated futures contract (in such case the futures contract is said to be in "contango"), then the roll-over will

result in exposure to a smaller number of the longer-dated futures contracts being taken. Therefore, any gain or loss on the new positions for a given movement in the prices of the futures contract will be less than if one had synthetically held the same number of futures contracts as before the "roll".

- (ii) ***Where a futures contract is in contango (or, alternatively, backwardation) such may be expected to (though it may not) have a negative (or, alternatively, positive) effect over time:*** Where a futures contract is in "contango", the price of the longer-dated futures contract will generally be expected to (but may not) decrease over time as it nears expiry. In such event, the roll-over is generally expected to have a negative effect on an investment in the futures contract. Where a futures contract is in "backwardation", the price of the longer-dated futures contract will generally be expected to (but may not) increase over time as it nears expiry. In such event, the investment in the relevant futures contract can generally be expected to be positively affected.
- (iii) In the case of Securities which are linked to an Underlying which is a futures contract, the futures contract will be changed without liquidating or entering into any positions in the underlying of the futures contract. Accordingly, the effects of the roll-over described above do not apply directly to the Underlying and the Securities. As a result, an Investor in such Securities will not participate directly in possible effects of the roll-over. However, other market participants may act in accordance with the mechanism of the roll-over and such behaviour may have an indirect adverse impact on the value of the Underlying of the Securities.

(i) ***Risks associated with Securities linked to emerging markets Underlyings***

Investments in so-called emerging markets contain further risk factors in addition to the risks normally associated with the investment in the respective underlying. These include the unstable economic situation, high inflation, increased currency risks as well as political and legal risks. The political and economic structures in emerging markets are sometimes subject to considerable transitions and rapid developments and these countries often lack social, political and economic stability if compared with more industrialised nations. Of particular importance is the increased risk of currency fluctuations. Instability in these countries can also be caused by authoritarian governments or military interference in political and economic decision making. This also includes anti-constitutional (attempted) regime change, civil unrest relating to demands for improved political, economic and social conditions, hostile relations with neighbouring countries or conflicts based on ethnic, religious or racial reasons.

There is also the possibility of restrictions being imposed on foreign investors, expropriation of assets, confiscatory taxation, confiscation or nationalisation of foreign bank deposits or other assets, the introduction of currency controls or other detrimental developments which may adversely affect the success of investments in such countries. Such adverse effects can, under certain circumstances, last for long periods of time, *i.e.*, months or years. Each of these adverse effects may cause what is known as a market disruption in relation to the Securities and one of the results of this may be that during this period no prices will be quoted for the Securities affected by the market disruption.

The small size and lack of experience on the securities markets in certain countries as well as the limited trading volume of securities can cause an underlying to be less liquid and/or considerably more volatile than Underlyings in more established markets. It is possible that very little financial information is available on local issuers, which can make it difficult to assess the value of and/or prospects of the underlying.

In addition, if the Underlyings of the Securities are quoted in local currency, *i.e.*, not hedged against the currency of the Securities, there is an increased foreign exchange risk. Experience

shows that the currency exchange rates in emerging markets are subject to particularly high fluctuations. This may result in a considerable negative performance of the Security, even though the performance of the underlying during the term of the Security has essentially remained unchanged or even risen. This may mean that some or all of the total performance of the underlying may be eroded by currency losses and that the performance of the underlying even may become negative.

(j) ***Risks associated with Securities linked to Interest Benchmarks***

(i) ***Risk of fluctuating levels of the reference rate***

Interest benchmarks, more generally named as reference rates, are mainly dependent upon the supply and demand for credit in the money market, *i.e.*, the rates of interest paid on investments, determined by the interaction of supply of and demand for funds in the money market. The supply and demand in the money market on the other hand is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments and political factors, or upon other factors, depending on the specific type of reference rate. Such factors affecting the performance of a reference rate may adversely affect the market value of, and return (if any) on, Securities linked thereto.

In principle, the Issuer and the Calculation Agent (as the case may be) have no influence on the determination of the reference rate(s). Reference rates are generally calculated by an independent organisation or a governmental authority, often based on information provided by market participants. The entity publishing a reference rate can modify the calculation method for determining such reference rate or make other methodological changes that could affect the value of the reference rate. The calculation or dissemination of such reference rate may also be altered, discontinued or suspended. The entity publishing a reference rate is not involved in the offer and sale of the Securities and has no obligation to invest therein. The entity publishing a reference rate may take any actions in respect of such reference rate without regard to the interests of the Investors in Securities and any of these actions could adversely affect the market value of such Securities.

(ii) ***The regulation and reform of certain published rates, indices, and other values or "benchmarks" may adversely affect the value of and return on the Securities linked to such benchmarks***

A number of major reference rates, other rates, indices and other published values or benchmarks are the subject of national and international regulatory reforms. While most reforms have now reached their planned conclusion (including the transition away from LIBOR), 'benchmarks' remain subject to ongoing monitoring.

The Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (as amended, the "**Benchmarks Regulation**") is a key element of the regulatory reform on such benchmarks in the EU and has applied, subject to certain transitional provisions, since 1 January 2018. In addition to so-called "critical benchmarks" such as EURIBOR, other interest rates, foreign exchange rates and indices, including equity, commodity and "bespoke" indices or strategies, will in most cases be within scope of the Benchmarks Regulation as "benchmarks" where they are used to determine the amount payable under, or the value of, certain financial instruments (including Securities listed on an EU regulated market or EU multilateral trading facility (MTF)), and in a number of other circumstances.

The Benchmarks Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark, and the use of a benchmark in the EU. Amongst other things, the Benchmarks Regulation requires EU benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to benchmark administration. It also prohibits certain uses by EU supervised entities of (a) benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmarks Regulation and (b) benchmarks provided by non-EU administrators where (i) the administrator's regulatory regime has not been determined to be "equivalent" to that of the EU, (ii) the administrator has not been recognised in accordance with the Benchmarks Regulation, and (iii) the benchmark has not been endorsed in accordance with the Benchmarks Regulation.

ESMA maintains a public register of EU-approved benchmark administrators and non-EU benchmarks pursuant to the Benchmarks Regulation (the "**ESMA Register**").

Legislation such as the Benchmarks Regulation could have a material impact on Securities linked to a 'benchmark'. For example:

- a rate or index which is a 'benchmark' may not be used in certain ways by an EU supervised entity if (subject to applicable transitional provisions) its administrator does not obtain authorisation or registration (or, if a non-EU entity, does not satisfy the 'equivalence' conditions and is not 'recognised' pending an equivalence decision);
- the methodology or other terms of the benchmark could be changed in the future in order to comply with the terms of the Benchmarks Regulation, for example in cases of future changes to it or a change in administrative interpretation of its terms, and such changes could reduce or increase the rate or level or affect the volatility of the published rate or level, and (depending on the terms of the particular Securities) could lead to adjustments to the terms of the Securities, including potentially determination by the Calculation Agent of the rate or level, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results; and
- the ongoing and increasing regulation of benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer certain benchmarks or to participate in the determination of certain benchmarks, triggering changes in the rules or methodologies used in certain benchmarks or leading to the disappearance of the benchmark.

While EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with the €STR or an alternative benchmark.

In this regard, there is a risk that a benchmark may be changed in substance and thereafter performs differently than it has done in the past, and may not be continued or may not be used in connection with the Securities. Moreover, a competent authority may order the cessation of a certain benchmark which is not compliant with legal requirements or may declare a benchmark as no longer being representative for the underlying market it measures. In such cases, it should be noted that it is in the discretion of the Issuer to make adjustments to the terms of the Securities, to delist or to redeem the Securities early (as applicable).

Any such consequence could have a material adverse effect on the value of, and yield and return on, any Securities linked to, referencing, or otherwise dependent (in whole or in part) upon, such a benchmark.

(iii) *Reform and replacement of Interbank Offered Rates*

Amongst other developments, relevant authorities have strongly encouraged the market to transition away from Interbank Offered Rates ("**IBORs**"), such as LIBOR. For example, all GBP LIBOR settings and U.S. dollar LIBOR settings have ceased to be published. Concurrently, so called "risk free rates" ("**RFR**") have been identified to eventually take the place of such IBORs as primary benchmarks. This includes (i) for Sterling LIBOR, a reformed Sterling Overnight Index Average ("**SONIA**"), (ii) for EONIA, a new Euro Short-Term Rate ("**€STR**") as the new euro risk-free rate, (iii) for USD LIBOR, the Secured Overnight Financing Rate ("**SOFR**"), and (iv) for CHF LIBOR, the Swiss Average Rate Overnight ("**SARON**"), to be eventually established as the primary US dollar interest rate benchmark.

Where the applicable Issue Terms for a series of Securities specifies that the Interest Benchmark for such Securities will be determined by reference to for example SONIA, the coupon may for example be determined on the basis of Compounded Daily SONIA (as defined in the terms and conditions of the Securities). Compounded Daily SONIA differs from Sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas Sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending.

While IBORs represented interbank funding over different maturities, RFRs are overnight rates and have a different methodology and other important differences from the IBORs they will eventually replace. RFR have little, if any, historical track records. As a result, RFR can perform materially different than the replaced IBOR, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, regulatory, judicial or other events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

RFR are published based on data received from other sources that the Issuer has no control over. It cannot be excluded that an RFR will be discontinued or fundamentally altered in a material manner.

An established trading market for RFR-based Securities may never develop or may not be very liquid. Market terms for debt securities that are linked to RFR, such as the spread over the base rate reflected in the coupon provisions, may evolve over time, and as a result, trading prices of RFR-based Securities may be lower than those of later-issued debt securities that are linked to RFR. Similarly, if an RFR does not prove to be widely used in debt securities that are similar or comparable to the RFR-based Securities, the trading price of RFR-based Securities may be lower than those of debt securities that are linked to rates that are more widely used.

Furthermore, coupons of RFR-based Securities are only capable of being determined immediately or shortly prior to the relevant coupon payment date. It might be difficult for Investors to estimate reliably the coupon amount that will be payable on such Securities, and investors might be unable or unwilling to trade such Securities.

All these factors may materially impact the yield and return on the Securities, its market value as well as liquidity. Investors in the RFR based Securities may not be able to sell the Securities at all or may not be able to sell the Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer losses from increased pricing volatility and market risk.

- (iv) *Risks relating to the provisions in the terms and conditions of the Securities in cases of a Benchmark Event (other than for Securities where the Original Reference Rate specified in the Issue Terms is Compounded SOFR or SARON Compounded)*

The terms and conditions of the Securities provide for certain fallback arrangements in the event of a Benchmark Event (as defined in the Underlying Specific Conditions - Interest Benchmark Linked Condition 3 (*Permanent Cessation of Benchmarks*)) (including where a published benchmark, such as EURIBOR, SONIA, €STR or CMS Rate, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, or where the Issuer, the Paying Agent or the Calculation Agent are no longer permitted lawfully to calculate interest on any Securities by reference to such an originally selected Interest Benchmark for the Securities as Reference Rate or Underlying, hereinafter the Original Reference Rate, under the Benchmarks Regulation or otherwise), including the possibility that the rate of interest could be determined by the Issuer in consultation with an Independent Adviser (if any) (as defined below) (and if the Issuer is unable to appoint an Independent Adviser or unable to make the relevant determination in consultation with an Independent Adviser, determined by the Issuer itself) and set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. However, it may not be possible to determine or apply any such adjustment and even if an adjustment is applied, such adjustment may not be effective to reduce or eliminate economic prejudice to investors. In certain circumstances the ultimate fallback of interest for a particular coupon period or observation of an Interest Benchmark may result in the rate of the Interest Benchmark for the last preceding period or date for its observation being used. This may result in the effective application of a fixed rate for the Securities based on the rate which was last observed on the relevant publication screen or website. Any of these alternative methods may result in payments on the Securities that are lower than or that do not otherwise correlate over time with the payments that would have been made on the Securities if EURIBOR, SONIA, €STR, SARON, the CMS Rate or any other relevant Interest Benchmark were available in their current form.

Notwithstanding any other provision of the terms and conditions of the Securities or the Agency Agreement, the consent or approval of the Securityholders are not required in the case of replacements of the Interest Benchmark or amendments to the terms and conditions of the Securities pursuant to the Underlying Specific Conditions – Interest Benchmark Linked Conditions, in particular in case of an amendment to vary the method or basis of calculating the coupon amounts or other payments linked to an Interest Benchmark in respect of the Securities or for any other variation of the terms and conditions of the Securities and/or the Agency Agreement required to be made in the circumstances described in the Underlying Specific Conditions - Interest Benchmark Linked Conditions, where the Issuer has delivered to the relevant Agent a certificate in the form and manner required by such Underlying Linked Conditions. Any such amendment made pursuant to the Underlying Specific Conditions - Interest Benchmark Linked Conditions could have unexpected commercial consequences and

there can be no assurance that, due to the particular circumstances of each Securityholder, any such amendment will be favourable to each Securityholder.

In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser and/or the Issuer, the Underlying Specific Conditions - Interest Benchmark Linked Conditions may not operate as intended at the relevant time. More generally, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under Structured Securities that have an Interest Benchmark as an Underlying and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities. Investors should consider these matters, should consult their own independent advisers and make their own assessment about the potential risks imposed by benchmark reforms and investigations and licencing issues in making any investment decision with respect to such Securities linked to a benchmark.

In the case of –IBOR or swap rate linked Securities, if an –IBOR or swap rate were discontinued or otherwise unavailable, amounts payable on the Securities which reference such –IBOR or swap rate will be determined for the relevant period or date by the fallback provisions applicable to such Securities which may (depending on market circumstances at the relevant time) not operate as intended. Depending on the manner in which the relevant –IBOR or swap rate is to be determined under the terms and conditions of the Securities and subject as provided in "Administrator/Benchmark Event" and "Benchmark Transition Event" below, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the –IBOR rate or bid and offered quotations for the fixed leg of interest rate swap transactions (as applicable) which, depending on market circumstances, may not be available at the relevant time or (ii) in the case of an –IBOR where the applicable fallback is to use the rate which applied in the previous period when the relevant –IBOR was available, result in the effective application of a fixed rate based on the rate which applied in the previous period or a previous date or (iii) in the case of a swap rate result in the application of a Calculation Agent determined rate. Any of the foregoing could have an adverse effect on the value or liquidity of, and yield and return on, any the Securities.

(v) *Risks relating to the provisions in the terms and conditions of the Securities in cases of a benchmark replacement in relation to Compounded SOFR*

If the Original Reference Rate specified in the Issue Terms is Compounded SOFR, the benchmark replacement provisions in Underlying Specific Conditions - Interest Benchmark Linked Condition 3.8 (*Benchmark Replacement Provisions – Compounded SOFR*) will apply to the Securities. If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date has occurred, the then current Interest Benchmark will be replaced by a replacement rate (determined by the Issuer or its designee (which may be an affiliate of the Issuer) in accordance with Underlying Specific Conditions - Interest Benchmark Linked Condition 3.8 (*Benchmark Replacement Provisions – Compounded SOFR*) and the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes. In cases where the Issuer (whether alone or in consultation with its designee) makes determinations under Underlying Specific Conditions - Interest Benchmark Linked Condition 3.8 (*Benchmark Replacement Provisions – Compounded SOFR*), it may be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

In light of the foregoing, investors should be aware that:

- any of these fallbacks may result in coupon payments or other scheduled payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on a series of Securities if SOFR was available in its current form;
- while the benchmark replacement provisions allow the Interest Benchmark on the Securities of such series to change from Compounded SOFR to a successor rate or an alternative rate and, in either case, allow for an adjustment spread (as applicable), there can be no assurance that any such modifications will fully or effectively mitigate all or any relevant benchmark risks or result in an equivalent methodology for determining the payments on the Securities of such series which could result in a material adverse effect on the value of, and yield and return on, such Securities;
- if SOFR is discontinued or unrepresentative such that the benchmark replacement provisions are triggered, there can be no assurance that the applicable fallback provisions under any swap agreements would operate so as to ensure that the benchmark used to determine payments under such swap agreements would be the same as that used to determine payments on the Securities;
- the operation of the benchmark replacement provisions (i) will be made without the consent of the Securityholders, (ii) may result in the relevant Interest Benchmark on the Securities of such series being materially different from the Original Reference Rate and (iii) may be adverse to the interests of the holders of the Securities and may have an adverse effect on the value of, and the yield and the return on, the Securities of such series; and
- due to the uncertainty concerning the availability of successor rates and alternative reference rates and the determination of the applicable adjustment spread (if any) and the involvement of the Issuer or its designee, as applicable, the benchmark replacement provisions may not operate as intended at the relevant time.

Any of the factors above and their consequences could have a material adverse effect on the trading market for, value of, and yield and return on, the Securities of any such series.

(vi) *Risks relating to the provisions in the terms and conditions of the Securities in cases of a benchmark replacement in relation to SARON Compounded*

If the Original Reference Rate specified in the Issue Terms is SARON Compounded, the benchmark replacement provisions in Underlying Specific Conditions - Interest Benchmark Linked Condition 3.10 (*Benchmark Replacement Provisions – SARON Compounded*) will apply to the Securities. If SARON does not so appear on the SARON Administrator Website and a SARON Index Cessation Event and its related SARON Index Cessation Effective Date has occurred, the then current Interest Benchmark will be replaced by the Recommended Replacement Rate, giving effect to the Recommended Adjustment Spread, in accordance with Underlying Specific Conditions - Interest Benchmark Linked Condition 3.10 (*Benchmark Replacement Provisions – SARON Compounded*) or if there is no Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank. The Issuer will have the right to make SARON Benchmark Amendments. In cases where the Issuer makes determinations under Underlying Specific Conditions - Interest Benchmark Linked Condition 3.10 (*Benchmark Replacement Provisions – SARON Compounded*), it may be entitled to

exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

In light of the foregoing, investors should be aware that:

- any of these fallbacks may result in coupon payments or other scheduled payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on a series of Securities if SARON was available in its current form;
- while the benchmark replacement provisions allow the Interest Benchmark on the Securities of such series to change from SARON Compounded to a successor rate or an alternative rate and, in either case, allow for an adjustment spread (as applicable), there can be no assurance that any such modifications will fully or effectively mitigate all or any relevant benchmark risks or result in an equivalent methodology for determining the payments on the Securities of such series which could result in a material adverse effect on the value of and yield and return on such Securities;
- if SARON is discontinued or unrepresentative such that the benchmark replacement provisions are triggered, there can be no assurance that the applicable fallback provisions under any swap agreements would operate so as to ensure that the benchmark used to determine payments under such swap agreements would be the same as that used to determine payments on the Securities;
- the operation of the benchmark replacement provisions (i) will be made without the consent of the Securityholders, (ii) may result in the relevant Interest Benchmark on the Securities of such series being materially different from the Original Reference Rate and (iii) may be adverse to the interests of the holders of the Securities and may have an adverse effect on the value of, and the yield and return on, the Securities of such series; and
- due to the uncertainty concerning the availability of successor rates and alternative reference rates and the determination of the applicable adjustment spread (if any) and the involvement of the Issuer, the benchmark replacement provisions may not operate as intended at the relevant time.

Any of the factors above and their consequences could have a material adverse effect on the trading market for, value of, and yield and return on, the Securities of any such series.

(vii) *Consequences of Administrator/Benchmark Event*

The occurrence of an Administrator/Benchmark Event may cause early redemption or termination or adjustment of the Securities which may include selecting one or more successor Interest Benchmarks and making related adjustment(s) to the Securities, including if applicable to reflect increased costs. An Administrator/Benchmark Event may arise if any of the following circumstances occurs or may occur: (1) an Interest Benchmark is materially changed, permanently or indefinitely cancelled or an official sector entity prohibits its use, (2) (i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Interest Benchmark or the administrator or sponsor of the Interest Benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected, or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn, or (3) a

relevant supervisor officially announces the Interest Benchmark is or will be no longer representative of any relevant underlying market(s). If the Securities are redeemed or terminated for an Administrator/Benchmark Event there is no guarantee that the amount paid to investors will be equal to or higher than the investor's initial investment in the relevant Securities and such amount may be substantially less than the investor's initial investment.

2.6 Risks associated with conflicts of interest of National Bank of Canada, acting through its Montréal Branch, as Issuer and Calculation Agent, and its subsidiaries and of the discretionary powers of the Issuer and Calculation Agent

(a) *Conflicts of interest*

(i) *Conflicts of interest related to the Underlying(s)*

Each of the Issuer and Calculation Agent and other companies in the Issuer's group deal in the Underlying(s) or in components of the Underlying(s) or in options or futures contracts relating to the Underlying(s) or components thereof in their normal course of business and from time to time may participate in transactions connected to the Securities for their own account or on behalf of others. Companies in the Issuer's group can also hold interests in individual Underlyings or in the companies contained in these Underlyings, meaning that conflicts of interest can arise in connection with the Securities which conflicts could have an impact (including a material adverse impact) on the value of, and return on, the Securities.

(ii) *Conflicts of interest related to the performance of another function*

The Issuer (or another company in the Issuer's group) may, in addition to its capacity as Issuer, exercise another function in relation to the relevant Securities or Underlying(s) or components thereof, such as issuing agent, calculation agent, paying agent and/or administrative agent. Therefore, there can be conflicts of interest regarding the duties when determining the prices of the Securities and other determinations related thereto among the Issuer's group and the Investors. Furthermore, the Issuer and Calculation Agent and other companies in the Issuer's group may act as members of a consortium, financial advisor or sponsor in connection with future offers of the relevant Underlying(s) or components thereof; activities of this kind can also entail conflicts of interest and could have an impact (including a material adverse impact) on the value of, and return on, the Securities.

(iii) *Conflicts of interest related to the performance of hedging transactions*

The Issuer can use parts or all of the proceeds from the sale of the Securities for hedging transactions. These hedging transactions can influence the price of the underlyings or the components of the underlying that is determined on the market. Fluctuations in the price of the Underlying(s) and consequently the Securities may among other things be attributed to the fact that the Bank (or any of its affiliate(s) or any entity (or entities) acting on behalf of the Bank) conduct significant volumes of hedging or other types of large transactions in or relating to the Underlying(s). Investors should also note in this respect that, especially in unfavourable conditions (e.g., low liquidity of the Underlying(s)), such transactions can have a significant impact on the value of the Underlying(s) and/or of the components contained therein and thus on the price of the Securities, the level of any redemption amount as well as – in the case of Securities which may stipulate a redemption by way of delivery – on the type of redemption and possibly lead to certain barrier levels stipulated in the terms and conditions being exceeded or fallen short of.

The hedging entity is entitled to suspend or to stop entirely its trading activities in or related to an Underlying. This market conduct of the hedging entity as well as the limitation of its trading or hedging activities in or related to the Underlying(s) could have an impact (including a material adverse impact) on the value of, and return on, the Securities.

(iv) *Conflicts of interest related to the issuance of additional Securities*

The Issuer and its subsidiaries and the Calculation Agent can issue additional securities in relation to the Underlying(s) or components of the Underlying(s), including those that have the same or similar features as the Securities. The introduction of securities that are in competition with the Securities can have an impact on the price of the Underlying(s) or components of the Underlying(s) and therefore have an impact on the value of, and return on, the Securities.

(v) *Conflicts of interest related to information specific to the Underlying(s)*

The Issuer and its subsidiaries and the Calculation Agent can receive non-public information regarding the Underlying(s) or components of the Underlying(s), but are not obliged to pass such information on to the Investors in the Securities. Furthermore, the Issuer and its subsidiaries and the Calculation Agent can publish research reports on the underlying or components of the underlying. These activities can give rise to specific conflicts of interest and therefore could have an impact (including a material adverse impact) on the value of, and return on, the Securities.

(vi) *Conflicts of interest related to the determination of the selling price of the Securities and commission payments*

The selling price of the Securities, where appropriate in addition to fixed issue surcharges, management fees, performance fees or other fees, may contain surcharges on the initial mathematical 'fair' value of the Securities (the "**Margin**"). This Margin will be determined by the Issuer in its reasonable discretion and can differ from surcharges that other issuers impose on comparable Securities. This Margin covers, among other things, the costs of structuring, market making and settlement of the Securities and also includes the expected profit for the Issuer.

The selling price of the Securities may contain commission which is charged by the relevant Dealer for the issue or which is passed on to distribution partners as payment for distribution services. This may give rise to a difference between the fair value of the Security and the bid and offer prices quoted by any market maker (as described below). Any commission contained in the Securities affects the Investor's potential rate of return. Furthermore, conflicts of interest detrimental to the Investor may arise due to payment of such commission to distribution partners, since it could create an incentive for the partner to sell its customers Securities with higher commission. Therefore, Investors should consult with their principal bank or financial advisor about such conflicts of interest.

(vii) *Conflicts of interest related to market making for the Securities*

Under normal market conditions the relevant Dealer or, if applicable, a third party (the "**Market Maker**") may quote bid and offer prices for each issue of Securities. However, no legal obligations are assumed with respect to the amount or the realisation of such quotations. Investors should note that it may not be possible to sell the Securities during their term at a particular point in time or at a particular price.

Furthermore, bid and offer prices for the Securities quoted by the Market Maker (if any) will be calculated on the basis of customary pricing models for the sector that are

used by the Market Maker and other traders and which determine the theoretical value of the Securities by taking into account various factors influencing prices.

Such circumstances on which the Market Maker bases its determination of the bid and offer prices on the secondary market include, in particular, the theoretical value of the Securities, which among other things depends on the value of the underlying and the spread between bid and offer prices desired by the Market Maker. In addition, an issue surcharge that is originally imposed on the Securities and any fees or costs that are deducted from the redemption amount at maturity, such as commission, administrative fees, transaction costs or comparable costs, will generally be considered. Furthermore, the Margin contained in the selling price of the Securities, for example, has an impact on pricing in the secondary market or other returns, such as paid or expected dividends or any other returns on the Underlying or its components if the Issuer is entitled to these due to the features of the Securities.

Certain costs such as any administrative fees charged are often during pricing not spread equally over the term of the Securities (*pro rata temporis*), thereby reducing the price, but instead are deducted in full from the theoretical value of the Securities at an earlier point in time determined at the discretion of the Market Maker. The same applies for the Margin, if any, contained in the selling price of the Securities as well as for dividends and other returns on the underlying if the Issuer is entitled to these due to the features of the Securities. These are often not only deducted from the price when the underlying or its components are traded 'ex dividend', but are deducted at an earlier point during the term on the basis of the expected dividends for the whole term or a particular period. The speed of the deduction depends among other things on the amount of any net return flow from the Securities to the Market Maker. The prices quoted by the Market Maker can therefore deviate considerably from the theoretical value or value of the Securities to be expected based on the above mentioned factors at the relevant point in time. Furthermore, the Market Maker can change the methodology by which the prices are determined at any time, *e.g.*, by increasing or decreasing the spread. The result of such deviation from the theoretical value of the Securities can be that bid and offer prices quoted by other traders for the Securities deviate significantly (both upwards and downwards) from the prices quoted by the Market Maker.

(b) ***Discretionary powers of the Issuer and the Calculation Agent, including in relation to the Issuer's hedging arrangements***

There are certain events – relating to the Issuer, the Issuer's hedging arrangements, the Underlying(s), taxation, the relevant currency or other matters – the occurrence of which may give rise under certain circumstances to discretionary powers of the Issuer or the Calculation Agent under the terms and conditions of the Securities.

In relation to the Underlying(s), a key investment objective of the Securities is to allow investors to gain an economic exposure to the Underlying(s). If an Underlying is materially impacted by an unexpected event (for example, a company merges and the original stock that formed an Underlying is restructured or changed, or the rules of an index that is an Underlying are materially modified) or the relevant price, level or value can no longer be calculated, then it may not be possible to achieve the investment objective of the Securities based on their original terms. In that case, the Issuer and/or the Calculation Agent may have discretionary powers under the terms and conditions of the Securities to (i) adjust the terms and conditions of the Securities, (ii) in certain cases, substitute the Underlying(s) for another, (iii) calculate the relevant price, level or value itself, (iv) postpone payment, (v) redeem the Securities early, or (vi) apply some combination thereof.

In relation to the Issuer or the Calculation Agent's hedging arrangements, Investors should be aware that (i) in exercising its discretionary powers under the terms and conditions of the Securities, each of the Issuer and the Calculation Agent may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the Issuer or the Calculation Agent's hedging arrangements in respect of the Securities, and (ii) unless the terms and conditions of the Securities provide that certain hedge disruption events do not apply, certain events which affect the Issuer's hedging arrangements can give rise to discretionary powers of the Issuer and the Calculation Agent.

Hedging arrangements are the transactions (if any) entered into by the Issuer or Calculation Agent to seek to cover the Issuer's exposure to the relevant cash amounts to be paid or assets to be delivered under the Securities as these fall due. This may involve investing directly in the Underlying(s) or entering into derivative contracts referencing the Underlying(s) or other techniques. The particular hedging arrangements (if any) undertaken by the Issuer or the Calculation Agent, and their cost, will likely be a significant determinant of the issue price or other economic terms of the Securities. Accordingly, if an event occurs which negatively impacts the Issuer or Calculation Agent's hedging arrangements, the Issuer or the Calculation Agent may have options available to it under the terms and conditions of the Securities which it may select, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, in order to deal with the impact of the event on such hedging arrangements. These options may include adjustment of the terms and conditions of the Securities or early redemption of the Securities. In the event of early redemption, the early redemption amount may be less than an Investor's investment and, therefore, Investors could lose some or all of their investment.

NATIONAL BANK OF CANADA

1. Incorporation and Head Office

The Issuer's legal and commercial name is "National Bank of Canada". The Issuer's roots date back to 1859 with the founding of Banque Nationale in Québec City, Québec, Canada.

The National Bank of Canada is a chartered bank governed by the *Bank Act* (Canada) (the "**Bank Act**") and is named in Schedule I of the Bank Act. As a chartered bank, the Issuer is not registered in any company register. Its legal entity identifier (LEI) is BSGEFEIOM18Y80CKCV46. The head office and principal place of business of the Issuer is located at National Bank Place, 800 Saint-Jacques Street, Montréal, Québec, Canada H3C 1A3. The telephone number of the Issuer is +1-514-394-5000. The Issuer's website may be found at www.nbc.ca. The information on the Issuer's website does not form part of this Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

2. Business of the Issuer

The Issuer is the parent company of its group subsidiaries and, together, is an integrated provider of financial services to retail, commercial, corporate and institutional clients.

As set out in the Bank Act, its corporate purpose is to act as a financial institution throughout Canada and can carry on business, conduct its affairs and exercise its powers in any jurisdiction outside Canada to the extent and in the manner that the laws of that jurisdiction permit. It operates in four business segments, Personal and Commercial, Wealth Management, Financial Markets, and U.S. Specialty Finance and International, and offers a complete range of services: banking and investment solutions, insurance, wealth management, corporate and investment banking, mutual fund and pension fund management, and securities brokerage.

It is the sixth largest bank in Canada in terms of assets (source: the Office of the Superintendent of Financial Institutions Canada (the "**OSFI**")) - Financial Data - Banks) with branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships.

3. Major Shareholders

The Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. The following is a summary of such restrictions.

Subject to certain exceptions specified in the Bank Act, no person may be a major shareholder of a bank if the bank has equity of \$12 billion or more. In the event that the equity of the bank is less than \$12 billion and the Bank Act would otherwise permit a person to own up to 65 per cent. of any class of shares of the bank, the bank is deemed to be a bank to which the ownership restrictions for banks with equity of \$12 billion or more apply until the Minister of Finance (Canada) specifies, on application by the bank, that these restrictions no longer apply to the bank.

A person is a major shareholder of a bank where: (i) the aggregate of shares of any class of voting shares of a bank beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person is more than 20 per cent. of all of the outstanding shares of that class of shares; or (ii) the aggregate of shares of any class of non-voting shares of a bank beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person is more than 30 per cent. of all of the outstanding shares of that class of non-voting shares.

Furthermore, no person may have a significant interest in any class of shares of a Canadian bank, without approval as required under the Bank Act. A person has a significant interest in a class of shares

of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person exceeds 10 per cent. of all of the outstanding shares of that class of shares of such bank.

Subject to certain exceptions, the Bank Act also prohibits the registration of a transfer or issue of any shares of the bank to His Majesty in right of Canada or of a province or any agent or agency of His Majesty in either of those rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them.

There are no measures in place to ensure that control of the Issuer is not abused as the Issuer has no major shareholders.

To the extent known to the Issuer, the Issuer is not directly or indirectly owned or controlled by any person.

4. Issuer Ratings

Each of the Issuer's debt securities ratings as at the date of this Base Prospectus received from a rating agency with which it cooperated are listed below.

Rating Agency	Subordinated Debt/ NVCC Subordinated Debt	Short-term Debt	Legacy Senior Debt¹	Bail-In Senior Debt²	Outlook
Moody's Investor Service Inc.	Baa1 / Baa1(hyb)	P-1	Aa2	A2	Stable
Standard & Poor's Financial Services LLC	BBB+ / BBB	A-1	A+	BBB+	Stable
Fitch Ratings Canada Inc.	A- / -	F1+	AA-	A+	Stable
DBRS Morningstar	A (high) / A (low)	R-1 (high)	AA	AA (low)	Stable

See pages 25 to 28 of the 2024 Annual Information Form incorporated by reference into this Base Prospectus for a definition of the categories of each of the credit ratings referred to above. Further information may be obtained from the relevant rating agency.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Investors may suffer losses if the credit rating assigned to the Securities does not reflect the then creditworthiness of such Securities.

¹ Includes Securities issued prior to 23 September 2018 and Securities issued on or after 23 September 2018 which are excluded from the Bank Recapitalization (Bail-in) Regime.

² Expected ratings of Bail-inable Securities that are issued after 23 September 2018.

Each of the rating agencies enumerated above is neither established in the EU nor registered under Regulation (EC) No. 1060/2009 (as amended, the "**EU CRA Regulation**"). Ratings by Standard & Poor's Financial Services LLC are endorsed by S&P Global Ratings Europe Limited, ratings by Moody's Investor Service Inc. are endorsed by Moody's Deutschland GmbH, ratings by Fitch Ratings Canada Inc. are endorsed by Fitch Ratings Ireland Limited, and ratings by DBRS Morningstar are endorsed by DBRS Ratings GmbH. Each of the mentioned endorsing rating agencies is a credit rating agency established in the EU and registered under and in accordance with the EU CRA Regulation.

5. Financial Update and Recent Events

Outstanding deposits of the Bank on a consolidated basis as at 31 October 2024 were \$333.5 billion and as at 30 April 2025 were \$387.9 billion.

Since 30 April 2025, the last day of the financial period in respect of which the most recent published comparative unaudited interim condensed consolidated financial statements of the Bank have been prepared, there has been no significant change in the financial performance or financial position of the Bank and its subsidiaries taken as a whole.

Since 31 October 2024, being the date of the last published comparative audited consolidated financial statements of the Bank, there has been no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole, nor any material changes in the Bank's borrowing and funding structure.

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.

6. Board of Directors

Name	Principal Occupation
Pierre Blouin.....	Corporate Director
Pierre Boivin.....	Vice Chairman and Special Advisor, Claridge Inc.
Yvon Charest	Corporate Director
Patricia Curadeau-Grou	Corporate Director
Sarah Morgan-Silvester	Corporate Director
Laurent Ferreira	President and Chief Executive Officer, National Bank of Canada
Annick Guérard	President and Chief Executive Officer, Transat A.T. Inc.
Scott Burrows	President and Chief Executive Officer, Pembina Pipeline Corporation
Karen Kinsley	Corporate Director
Lynn Loewen.....	Corporate Director
Rebecca McKillican.....	Corporate Director
Arielle Meloul-Wechsler	Executive Vice President, Chief Human Resources Officer and Public Affairs, Air Canada

Robert Paré	Chair of the Board of Directors, National Bank of Canada
Pierre Pomerleau.....	Chair of the Board, Pomerleau Inc.
Macky Tall.....	Partner and Chair of the Infrastructure Group, The Carlyle Group Inc.
Irfhan Rawji.....	Managing Partner at Relay Ventures and Managing Partner at Realize Capital Partners

The business address of all of the Directors and Senior Officers is the head office of the Bank at National Bank Place, 800 Saint-Jacques Street, Montréal, Québec, Canada H3C 1A3.

As at the date of this Base Prospectus, the Bank is not aware of any potential conflicts of interest between the duties owed to the Bank by the persons listed above and their private interests and external duties. If a director were to have a material interest in a matter being considered by the board of directors or any of its committees, such director would not participate in any discussions relating to, or any vote on, such matter.

7. Senior Leadership Team

Name	Position Held
Lucie Blanchet	Executive Vice-President, Personal Banking and Client Experience
Michael Denham.....	Executive Vice-President and Vice Chair
Étienne Dubuc	Executive Vice-President – Financial Markets and Co-President and Co-Chief Executive Officer, National Bank Financial
Laurent Ferreira	President and Chief Executive Officer
Marie Chantal Gingras.....	Chief Financial Officer and Executive Vice-President, Finance
Jean-Sébastien Grisé.....	Executive Vice-President and Chief Risk Officer
Nancy Paquet	Executive Vice-President, Wealth Management and Co-President and Co-chief Executive Officer, National Bank Financial
Brigitte Hébert	Executive Vice-President, Employee Experience
Julie Lévesque	Executive Vice-President, Technology and Operations
Dominic Paradis	Executive Vice-President and General Counsel
Judith Ménard	Executive Vice-President, Commercial and Private Banking

The above table describes the Senior Leadership Team as at the date of this Base Prospectus.

The full address of the senior officers is the head office of the Bank, National Bank Place, 800 Saint-Jacques Street, Montréal, Québec, Canada H3C 1A3.

As at the date of this Base Prospectus, the Bank is not aware of any potential conflicts of interest between the duties owed to the Bank by the persons listed above in the section "Senior Leadership Team" and their private interests and external duties. If an individual in the "Senior Leadership Team" were to have a material interest in a matter being considered by the "Senior Leadership Team", such individual would not participate in any discussions relating to such matter.

8. Share Capital

Further to amendments effective as of 19 April 2024, the Issuer's authorised share capital consisted of an unlimited number of common shares without par value, issuable for a consideration determined by the Board of Directors; provided that the first preferred shares outstanding at any time shall have been issued for an aggregate consideration of not more than \$7,500,000,000, or the equivalent thereof in foreign currencies; and \$15,000,000 second preferred shares without par value, and issuable for a maximum aggregate consideration of \$300,000,000, or the equivalent in foreign currency. The main features of each of these classes and series are described below.

Common Shares

The common shares carry and are subject to the rights, privileges, restrictions and conditions set out below:

Dividends: Holders of common shares are entitled to receive dividends, in such amounts and payable at such times as the Board of Directors determines.

Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of the Issuer, after payment to the holders of first preferred shares and to the holders of second preferred shares of the amounts described under "First Preferred Shares" and under "Second Preferred Shares" or holders of shares of any other class of shares ranking senior to common shares, respectively, the remaining property of the Issuer will be distributed rateably among the holders of common shares.

Voting Rights: Subject to certain restrictions, holders of common shares are entitled to cast one vote per share at all meetings of shareholders of the Issuer, except meetings at which only holders of a specified class or series of shares are entitled to vote.

First Preferred Shares

The first preferred shares carry and are subject to the rights, privileges, restrictions and conditions set out below:

Rank: First preferred shares have priority over common shares and any other Bank shares with a rank lower than first preferred shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Bank.

Issuance in Series: First preferred shares may be issued, subject to the provisions of the Act, in one or more series. The Board may, by resolution, establish the number of shares in, and determine the respective designations, rights, privileges, restrictions and conditions of each series (other than series already issued and outstanding), including the rate, amount or calculation method and terms and conditions of redemption, purchase or conversion and sinking fund or purchase fund provisions.

Creation or Issue of Superior or Equal Ranking Shares: The Bank may not, without the prior approval of the holders of first preferred shares in addition to such approvals as may be required by the Bank Act or any other legal requirement, create or issue any shares ranking in priority to or *pari passu* with the first preferred shares; or create or issue any additional series of first preferred shares, unless at the date of such creation or issuance of all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends are payable, have been declared and paid or set aside for payment in respect of each series of cumulative first preferred shares then issued and outstanding, and all declared and unpaid non-cumulative dividends have been paid or set

aside for payment in respect of each series of non-cumulative first preferred shares then issued and outstanding.

Changes to Series: The Bank may not, without prior approval of the holders of first preferred shares of the series concerned, and subject to the approvals required by the Act, or any other legal requirement, delete or change the relevant provisions of the first preferred shares. Holders of first preferred shares of the series concerned may give their approval by resolution adopted through the affirmative vote of at least 66⅔% of the votes cast at a meeting of the holders of the shares of the series concerned, where the majority of shares outstanding in the series concerned is represented or, if such a quorum is not obtained at this meeting, any rescheduled meeting where the shareholders are present or represented by proxy would constitute the quorum needed.

Dividends: Holders of all series of first preferred shares are entitled to receive dividends in such amounts and payable at such times as the Board determines, in accordance with the conditions of the series. Holders of any series of first preferred shares are entitled to preference over the holders of common shares, second preferred shares and shares of any other class of Bank shares ranking junior to the first preferred shares. In the case of cumulative dividends, the priority will cover all dividends accrued (which for such purpose will be calculated as if such dividends were accruing from day to day) and unpaid. In the case of non-cumulative dividends, the priority will cover all declared and unpaid dividends. Holders of any series of first preferred shares are not entitled to any dividends other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of first preferred shares.

Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of the Bank, before any amount is paid or any property distributed to the holders of common shares, second preferred shares, or shares of any other class of Bank shares ranking junior to the first preferred shares, the holders of each series of first preferred shares are entitled to receive (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, and (iii) in the case of cumulative first preferred shares, all cumulative accrued and unpaid dividends and, in the case of non-cumulative first preferred shares, all non-cumulative dividends declared and remaining unpaid on and including the date of distribution. After payment to the holders of first preferred shares of the amounts so payable to them, they may not participate in any further distribution of the property or assets of the Bank.

Voting Rights: Subject to the provisions of the Act and except as otherwise provided in the rights, privileges, restrictions and conditions attaching to any series of first preferred shares, the holders of first preferred shares do not, as such, have any voting rights for the election of directors of the Bank, the appointment of the independent auditor, or for any other purpose nor are they entitled to receive any notice of or attend shareholders' meetings.

Redemption: Subject to the consent of the OSFI and the provisions of the Act, the Bank may, at its discretion, redeem for cash the first preferred shares, in whole or in part, on the dates and at the amounts set out the conditions of the series.

Conversion: Subject to certain conditions, holders of first preferred shares will have the right, at their discretion, to convert all or part of their shares into the corresponding number of first preferred shares of another series, on a fixed date, if applicable, in accordance with the series conditions.

First Preferred Shares, Series 44: Non-Cumulative 5-Year Rate-Reset Series 44 First Preferred Shares ("Preferred Shares, Series 44") are part of the Bank's authorised share capital and of the assets of the NBC LRCN Limited Recourse Trust (the "**LRCN Trust**"). As at 9 September 2020, and concurrently with the issuance of 4.300% Limited Recourse Capital Notes, Series 1 ("**LRCN, Series 1**"), 500,000 Preferred Shares, Series 44, were issued at a price of \$1,000 each in favour of the Computershare Trust Company of Canada as trustee for the LRCN Trust. Every LRCN, Series 1, gives the holder a proportionate share of the assets of the LRCN Trust in case of: i) non-payment of interest on one of the interest-payment dates; ii) non-payment of the redemption amount in the event the LRCN, Series

1, are redeemed; iii) non-payment of principal of the LRCN, Series 1, when due or; iv) a case of default regarding the LRCN, Series 1. Under such circumstances, the holders of LRCN, Series 1, would be entitled to receive Preferred Shares, Series 44, which would pay fixed rate non-cumulative preferential cash dividends, redeemable at the Bank's option as of 15 October 2025, except in the case of a redemption of LRCN, Series 1 or a special event, and subject to the provisions of the law and prior consent from OSFI. As long as Preferred Shares, Series 44, are held by Computershare Trust Company of Canada as trustee of the LRCN Trust, they do not pay dividends.

First Preferred Shares, Series 45: Non-Cumulative 5-Year Rate-Reset Series 45 First Preferred Shares ("**Preferred Shares, Series 45**") are part of the Bank's authorised share capital and of the assets of the NBC LRCN Trust. As at 21 April 2021, and concurrently with the issuance of 4.05% Limited Recourse Capital Notes, Series 2 ("**LRCN, Series 2**"), 500,000 Preferred Shares, Series 45, were issued at a price of \$1,000 each in favour of the Computershare Trust Company of Canada as trustee for the LRCN Trust. Every LRCN, Series 2, gives the holder a proportionate share of the assets of the LRCN Trust in case of: i) non-payment of interest on one of the interest-payment dates; ii) non-payment of the redemption amount in the event the LRCN, Series 2, are redeemed; iii) non-payment of principal of the LRCN, Series 2, when due, or; iv) a case of default regarding the LRCN, Series 2. Under such circumstances, the holders of LRCN, Series 2, would be entitled to receive Preferred Shares, Series 45, which would pay fixed rate non-cumulative preferential cash dividends, redeemable at the Bank's option as of 15 July 2026, except in the case of a redemption of LRCN, Series 2, or a special event, and subject to the provisions of the law and prior consent from OSFI. As long as Preferred Shares, Series 45, are held by Computershare Trust Company of Canada as trustee of the LRCN Trust, they do not pay dividends.

First Preferred Shares, Series 46: Non-Cumulative 5-Year Rate-Reset Series 46 First Preferred Shares ("**Preferred Shares, Series 46**") are part of the Bank's authorised share capital and of the assets of the NBC LRCN Trust. As at 8 September 2022, and concurrently with the issuance of 7.500% Limited Recourse Capital Notes, Series 3 ("**LRCN, Series 3**"), 500,000 Preferred Shares, Series 46, were issued at a price of \$1,000 each in favour of Computershare Trust Company of Canada as trustee for the LRCN Trust. Every LRCN, Series 3, gives the holder a proportionate share of the assets of the LRCN Trust in case of: i) non-payment of interest on one of the interest-payment dates; ii) non-payment of the redemption amount in the event of the LRCN, Series 3, are redeemed; iii) non-payment of principal of the LRCN, Series 3, when due, or; iv) a case of default regarding the LRCN, Series 3. Under such circumstances, the holders of LRCN, Series 3, would be entitled to receive Preferred Shares, Series 46, which would pay fixed rate non-cumulative preferential cash dividends, redeemable at the Bank's option as of 16 November 2027, except in the case of a redemption of LRCN, Series 3, or a special event, and subject to provisions of the law and prior consent from OSFI. As long as Preferred Shares, Series 46, are held by Computershare Trust Company of Canada as trustee of the LRCN Trust, they do not pay dividends.

Automatic Conversion of Non-Viability Contingent Capital (NVCC)

In accordance with the capital adequacy requirements adopted by OSFI, non-common capital instruments issued after 1 January 2013, including subordinated debt securities and first preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability in order to qualify as regulatory capital.

The conditions of the first preferred shares provide that these shares will automatically and immediately be converted, on a full and permanent basis, into a specified number of common shares of the Bank as determined using an automatic conversion formula (value of the share, which is \$25.00 or \$1,000 based on the conditions set out for each series, plus all declared and unpaid dividends for these shares, divided by the conversion price, which for first preferred shares is the greater of a floor price of \$5.00 (subject to certain adjustments) and the market price of the Bank's common shares or, in the absence of such a market price, their fair value) upon the occurrence of a trigger event.

A trigger event is defined as follows: (i) OSFI publicly announces that the Bank has been advised, in writing, that OSFI is of the opinion that the Bank has ceased, or is about to cease to be viable and that, after the conversion of all preferred shares and all other contingent instruments issued by the Bank, and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained or (ii) a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by OSFI to be nonviable.

Second Preferred Shares

Second preferred shares are part of the Bank's authorised share capital, but no shares in this category had been issued as at 31 October 2024.

Second preferred shares carry and are subject to the rights, privileges, restrictions and conditions set out below:

Rank: Second preferred shares rank senior to the common shares and the shares of any other class of Bank shares that rank junior to the second preferred shares, but rank junior to the first preferred shares with regard to dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Bank.

Issuance in Series: Second preferred shares may be issued from time to time in one or more series. The Board may, by resolution, subject to the provisions of the Act, set the number of shares in, and determine the respective designations, rights, privileges, restrictions and conditions of each series, including the rate, amount or calculation method and terms and conditions of redemption, purchase or conversion and sinking fund or purchase fund provisions.

Creation or Issue of Superior or Equal Ranking Shares: The Bank may not, without the prior approval of the holders of first preferred shares in addition to such approvals as may be required by the Bank Act or any other legal requirement, create or issue any shares ranking in priority to or *pari passu* with the first preferred shares; or create or issue any additional series of first preferred shares, unless at the date of such creation or issuance of all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends are payable, have been declared and paid or set aside for payment in respect of each series of cumulative first preferred shares then issued and outstanding, and all declared and unpaid non-cumulative dividends have been paid or set aside for payment in respect of each series of non-cumulative first preferred shares then issued and outstanding.

Changes to Series: The Bank may not, without prior approval of the holders of second preferred shares of the series concerned, and subject to the approvals required by the Act, or any other legal requirement, delete or change the relevant provisions of the second preferred shares. Holders of first preferred shares of the series concerned may give their approval by resolution adopted through the affirmative vote of at least 66⅔% of the votes cast at a meeting of the holders of the shares of the series concerned, where the majority of shares outstanding in the series concerned is represented or, if such a quorum is not obtained at this meeting, any rescheduled meeting where the shareholders are present or represented by proxy would constitute the quorum needed.

Dividends: Holders of second preferred shares are entitled to receive dividends in such amounts and payable at such times as the Board determines. With respect to dividends, holders of any series of second preferred shares have priority over the holders of common shares or any other class of Bank shares ranking junior to the second preferred shares. In the case of cumulative dividends, the priority will cover all dividends accrued (which for such purpose will be calculated as if such dividends were accruing from day to day) and unpaid. In the case of non-cumulative dividends, the priority will cover all declared and unpaid dividends. The holders of any series of second preferred shares are not entitled

to any dividends other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of second preferred shares.

Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding-up of the Bank, before any amount is paid or any property distributed to the holders of common shares or shares of any other class of Bank shares ranking junior to the second preferred shares, the holders of each series of second preferred shares are entitled to receive (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, and (iii) in the case of cumulative second preferred shares, all cumulative accrued and unpaid dividends, and in the case of non-cumulative second preferred shares, all non-cumulative dividends declared and remaining unpaid up to and including the date of distribution. After payment to the holders of second preferred shares of the amounts so payable to them, they may not participate in any further distribution of the property or assets of the Bank.

Voting Rights: Subject to the provisions of the Act and except as otherwise provided in the rights, privileges, restrictions and conditions attaching to any series of second preferred shares, the holders of second preferred shares do not, as such, have any voting rights for the election of directors of the Bank, the appointment of the independent auditor, or for any other purpose nor are they entitled to receive any notice of or attend shareholders' meetings.

9. Material Contracts

The Bank has not entered into any contracts outside the ordinary course of the Bank's business which could materially affect the Bank's obligations in respect of any Securities to be issued by the Bank pursuant to this Base Prospectus.

10. Litigation

Other than as described below, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or group's financial position or profitability.

In the normal course of business, the Bank and its consolidated subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios, and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions, or other legal remedies of varied nature.

More specifically, the Bank is involved as a defendant in class actions instituted by consumers contesting, *inter alia*, certain transaction fees or who wish to avail themselves of certain legislative provisions relating to consumer protection. The recent developments in the main legal proceeding involving the Bank are as follows:

Defrance

On 21 January 2019, the Québec Superior Court authorised a class action against the Bank and several other Canadian financial institutions. The originating application was served on the Bank on 23 April 2019. The class action was initiated on behalf of consumers residing in Québec. The plaintiffs allege that non-sufficient funds charges, billed by all of the defendants when a payment order is refused due to non-sufficient funds, are illegal and prohibited by the Consumer Protection Act and are claiming, in the form of damages, the repayment of these charges as well as punitive damages.

It is impossible to determine the outcome of the claims instituted or which may be instituted against the Bank and its consolidated subsidiaries. The Bank estimates, based on the information at its disposal, that while the amount of contingent liabilities pertaining to these claims, taken individually or in the aggregate, could have a material impact on the Bank's consolidated results of operations for

a particular period, it would not have a material adverse impact on the Bank's consolidated financial position.

Provisions are liabilities of uncertain timing and amount. A provision is recognised when the Bank has a present obligation (legal or constructive) arising from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when the amount of the obligation can be reliably estimated. The recognition of a litigation provision requires the judgment of the Bank's management in assessing the existence of an obligation, the timing and probability of loss, and estimates of potential monetary impact. Provisions are based on the Bank's best estimates of the economic resources required to settle the present obligation, given all available information and relevant risks and uncertainties, and, when it is significant, the effect of the time value of money. However, the actual amount required to settle litigation could be significantly higher or lower than the amounts recognised, as the actual amounts depend on a variety of factors and risks, notably the degree to which proceedings have advanced when the amount is determined, the presence of multiple defendants whose share of responsibility is undetermined, including that of the Bank, the types of matters or allegations in question, including some that may involve new legal frameworks or regulations or that set forth new legal interpretations and theories.

The Bank regularly assesses all litigation provisions by considering the development of each case, its past experience in similar transactions and the opinion of its legal counsel. Each new piece of information can alter the Bank's assessment as to the probability and estimated amount of loss and therefore the extent to which it adjusts the recorded provision.

INFORMATION ON THE SECURITIES

1. Information about the Securities to be offered

The Issuer from time to time issues securities with various structures as explained below (the "**Securities**" or "**Product Types**").

The Securities are underwritten by one or more Dealers and offered as specified in the respective Issue Terms.

The issue price of the Securities is set by the Issuer, the relevant Dealer or another company appointed by the Issuer as Market Maker.

Since the issue size (i.e. the number of Securities), the Product Types, the Redemption Features and other Features of the Securities as well as the specific terms of the offer will only be determined at the time of the issue and not at the date of the Base Prospectus, this information and the terms and conditions set out in "Terms and Conditions of the Securities" (the "**Conditions**", and each, a "**Condition**") must be read together with the Issue Terms, which complete the Base Prospectus and are published at the start of the public offer of the Securities in accordance with Article 21 of the Prospectus Regulation or of the private placement of the Securities, respectively.

The following description is intended to illustrate the general operation of the Securities. The Securities are described in detail in the Conditions.

The description of the method of operation generally assumes that the Securities are purchased at the issue price at the time of the issue. In case of purchases or sales of the Securities in the secondary market, particular attention should be paid to the spread, i.e. the difference between the purchase and selling prices of the Securities set by the Market Maker.

The Issuer may also increase the issue size of Securities issued from time to time to tap or add one or more further tranches to a particular issue.

The applicable securities identification number of the Securities is set out in the applicable Final Terms or Pricing Supplement.

2. Specific Information

2.1 Form of the Securities

Securities governed by the laws of the Province of Ontario under the Base Prospectus will be issued as Materialised Securities, either as Bearer Securities or Registered Securities, as set out in General Condition 1 (*Form, Denomination and Title of the Securities*).

Securities governed by English law under the Base Prospectus will be issued as Materialised Securities, either as Bearer Securities or Registered Securities, as set out in General Condition 1 (*Form, Denomination and Title of the Securities*).

Securities governed by French law under the Base Prospectus will be issued only as Dematerialised Securities, either as Bearer Securities or Registered Securities, as set out in General Condition 1 (*Form, Denomination and Title of the Securities*).

2.2 General description of the Securities

Securities to be issued under the Base Prospectus give the respective Securityholders the right to the payment of certain interest, coupon, premium, call or cash redemption amounts (each a "**Cash Redemption Amount**") or the right to receive delivery ("**Physical Delivery**") of a certain underlying

or obligation in a certain number of units (for Structured Securities, the "**Physical Delivery Amount**" for Credit Linked Notes the "**Physical Settlement Amount**" and generally for all Securities to be issued under the Base Prospectus, the "**Physical Redemption Amount**") and any relevant Residual Cash Amount (if any) vis-à-vis the Issuer. The rights of the respective Securityholders are governed in detail by the applicable Conditions (as completed by the Issue Terms).

On the basis of the Securities, Securityholders can

- (i) in the case of Structured Securities receive coupon payments based on the applicable Coupon Features and/or participate in the performance of a certain Underlying (share, index, exchange traded fund, currency exchange rate, commodity or commodity index, fund, inflation index, futures contract or index benchmark) or of a basket consisting of one or more of these Underlyings in respect of the Cash Redemption Amounts or Physical Delivery Amounts, without having to purchase the respective Underlying or its constituents directly and
- (ii) in the case of Credit Linked Notes receive payments of interest, and Cash Redemption Amounts or Physical Settlement Amounts which are dependent upon whether or not certain credit events in respect of one or more Reference Entities have occurred.

Because of various Coupon Features, Redemption Features (in respect of both Cash Redemption Amounts or Physical Delivery Amounts) and additional Features of the Securities, an investment in Securities is not comparable to a direct investment in the respective Underlying or its constituents. These include, in particular, the finite term, the potential payment of the Cash Redemption Amount at redemption, the absence of a right to distributions (*e.g.* dividends), subscription rights or other similar income, and the risk of the insolvency of the Issuer. Depending on the relevant Features, there are other product features that distinguish the Securities from a direct investment.

The purchase of the Securities may lead to a loss of the capital invested by the Securityholder. In the worst case, the risk of loss may result in the total loss of the capital invested and the transaction costs incurred. This risk exists irrespective of the financial capacities of the Issuer. The Securities will only produce a positive return if the Cash Redemption Amount or the value of the Physical Redemption Amount is higher than the amount invested by the Securityholder for the purchase of the Securities (including any associated costs and fees). If the Cash Redemption Amount or the value of the Physical Redemption Amount is lower than the amount so invested (including any associated costs and fees), the Securityholder will suffer a loss.

Securityholders must always be aware that the market on which the Securities or the Underlyings are traded, may perform differently from what they had hoped for. Especially in view of the finite term of the Securities, i.e. with a Redemption Date specified on the issue date in accordance with the Issue Terms, there can be no assurance that the price of the Securities will subsequently recover its value and return to the level of the purchase price paid by the Securityholder prior to maturity.

Under the Conditions, following the occurrence of certain events outside of the control of the Issuer, including changes in law, any Dealer, the Paying Agents and their respective affiliates, the Calculation Agent may exercise discretion to take one or more of the actions available to it in order to deal with the impact of such event on the Securities or (if applicable) the Issuer's hedging arrangements. Any such discretionary determinations could have a material adverse impact on the value of and return on the Securities.

2.3 Description of the rights of Securityholders

Upon the purchase of the Securities, the Issuer grants each Securityholder the right to redemption, i.e. to the payment of a Cash Redemption Amount or to a Physical Delivery on the maturity of the Securities and, as specified in the Issue Terms, certain other payments, for example coupon, premium or interest payments. All rights and obligations arising in connection with the Securities are determined in accordance with the Conditions, see "Terms and Conditions of the Securities".

Limitations to the rights

In addition to particular rights applicable in the event of certain adjustment or extraordinary event (as described in the respective Underlying Linked Provisions), the Issuer has the option, in accordance with the Conditions, to redeem the Securities extraordinarily in certain cases at the Early Redemption Amount, which is an amount in cash. These extraordinary termination rights will be exercised, for example, in cases where, following changes in the Underlying of Structured Securities, it is not possible in the Issuer's determination to make an adjustment to such Structured Securities linked to the affected Underlying that makes sense in financial terms.

Furthermore, in the case of Taxation Reasons, Illegality, a TLAC Disqualification Event, an Administrator/Benchmark Event, a Disruption Event or a Special Circumstance, the Issuer reserves the right in accordance with Sections 4.2 (*Early Redemption for Taxation Reasons*), 4.3 (*Early Redemption for Illegality*), 4.4 (*Early Redemption for a Disruption Event*) or 4.5 (*Early Redemption for Special Circumstance*) of the General Conditions and Underlying Specific Conditions - Interest Benchmark Linked Condition 4 (*Early Redemption for Administrator/Benchmark Event*) to extraordinarily redeem the Securities.

In the event of an extraordinary termination or a specific extraordinary termination event, the Issue Terms may provide that Issuer shall pay the Early Redemption Amount in cash in the Specified Currency of the Securities. The determination of the Early Redemption Amount may include hedging losses and costs of the Issuer in respect of the Securities, and the Early Redemption Amount may be lower than the capital invested by a Securityholder and could in an extreme scenario be even zero (0).

Ranking of the Securities, Bail-inable Securities

The Securities to be issued under this Programme constitute direct, unsubordinated and unsecured obligations of the Bank ranking *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Bank.

The Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (the "CDIC Act").

Securities will be specified as Bail-inable Securities in the applicable Issue Terms if such Securities:

- (i) have an original or amended term to maturity (including explicit or embedded options) greater than 400 days,
- (ii) have been assigned a CUSIP or ISIN or similar identification number and
- (ii) are not otherwise excluded.

Securities that constitute structured securities (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime (as defined in the Conditions) will not be identified as Bail-inable Securities in the applicable Issue Terms. Securities that are Bail-inable Securities may be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under the CDIC Act and to variation or extinguishment in consequence and subject to the application of the laws of the Province of Ontario and the federal laws of Canada. See "Risk Factors—Risks associated with Bail-inable Securities" for a discussion of risks related to investments in such Securities.

2.4 Operation of the Securities

General information applicable to all Securities

The following Section contains a general description of the method of operation and principal features of the various Product Types, the Redemption Features of the Structured Securities and other Features that are described in the Base Prospectus.

The final Product Type and the applicable Features and options of the Securities will be specified in the Issue Terms. The rights and obligations of the Issuer and of the Securityholders are governed finally by the Conditions.

It is common to all Product Types described in this Base Prospectus that they are risky investment instruments. All of the Product Types have a derivative component, *i.e.* they are financial instruments whose value is derived from the value of another financial instrument, the Underlyings, credit protection in relation to a one or more Reference Entities and/or Reference Rates.

No current income

The Securities (other than Securities with a fixed or minimum coupon) do not provide current income (such as interest or dividends). In such cases, the only method of generating income is an increase in the price of the Securities. Securityholders must always bear in mind that the performance of the market may differ from their expectations. The Securityholder's potential gain or loss is always dependent on the amounts invested by the Securityholder to purchase the Securities and is calculated as the difference between the invested amount and the Cash Redemption Amount or the value of the Physical Redemption Amount, or the difference between the invested amount and the selling price in the event that the Securities are sold prior to maturity (in each case taking into account transaction costs and any taxes incurred).

Term, early termination

The Product Types described below are issued with a fixed term. Especially in cases where the Securities have a finite term or the term ends early as a result of termination by the Issuer or for other reasons (as described below for the individual Product Types, where applicable), there can be no assurance, in the event that the Securities performs badly for the respective Securityholder in relation to its purchase price, that its value will subsequently recover before the end of the term to a level at which the respective Securityholder will at least not incur a loss. The term of the Securities ends in all cases with redemption on the relevant date in each case. Participation in any subsequent price movement of the Underlying in a direction that is favourable for the Securityholder is excluded, unless a Physical Delivery applies.

Currency conversion/Quanto Structure

If the Underlying for the Securities is denominated wholly or partly in a currency other than the Specified Currency, the respective rate of exchange between the currency of the Underlying (specified in the Issue Terms as the Underlying Currency) or of a Reference Obligation (specified in the Issue Terms as the Settlement Currency) and the Specified Currency plays an important role in calculating the Cash Redemption Amount or the Physical Redemption Amount or any other amounts of cash to be determined pursuant to the Issue terms based on an Underlying or Reference Obligation. This exchange rate may be constantly changing and may be different on the date of the currency conversion from the rate of exchange on the date when the Securities were purchased.

Changes in the rate of exchange between the Underlying Currency or Settlement Currency and the Specified Currency will already affect the value of the Securities during their term, since the bid and offer prices are quoted in the relevant underlying currency.

The Issuer may provide in the Issue Terms for all of the Product Types described below that the Features of the Structured Securities include currency hedging, with the result that the movement of the rate of exchange between the Underlying Currency and the Specified Currency has no effect on the level of the Cash Redemption Amount of the Securities. The Issuer and/or Market Maker achieves this using a so-called quantity adjusted option, short Quanto ("**Quanto Feature**"), and specifies the conversion rate between the two currencies at the time of the issue. In the case of Securities with a Quanto Feature, therefore, conversion from the Underlying Currency into the Specified Currency of the Securities uses a conversion rate of 1:1.

For Structured Securities without a Quanto Feature, the Cash Redemption Amount is converted into the Specified Currency at the relevant conversion rate. In this event, the Issuer will specify the relevant exchange rate or benchmark for the conversion of any payments arising from the Securities in the Conditions.

Calculations and determinations

All calculations and determinations in respect of the Securities shall be made by the Calculation Agent. Unless otherwise specified in the Issue Terms for a particular Security, the Bank will act as the Calculation Agent for all Securities (in such capacity, the "**Calculation Agent**"). All calculations and determinations made by the Calculation Agent in respect of the Securities shall be final and binding on the Issuer and Securityholders in the absence of manifest error. No liability shall attach to the Calculation Agent for errors or omissions in respect of any calculation, determination or other exercise of discretion under the Conditions provided that, it has acted in accordance with General Condition 5.5 (*Appointment of Agents*).

2.5 **Specific description of the Structured Securities**

Structured Securities are Securities which generally enable the Securityholder to participate in both increases and also falls in the Underlying, subject to the specific parameters of the Redemption Feature and the Downside Feature, described below.

(a) *Rights and obligations in connection with the Structured Securities*

Rights and obligations in connection with the Structured Securities are determined in accordance with their Payout Conditions, in conjunction with General Conditions and the Underlying Specific Conditions. These include provisions, among others, relating to the right to payment of a Redemption Amount (General Condition 4.1 (*Final Redemption*) in conjunction with the Payout Conditions). The Conditions of the Structured Securities also govern the rights of the Issuer to make adjustments to the Conditions and to the Underlying of the Structured Securities or its constituents or in the event of a market disruption event on a valuation date or certain adjustment and extraordinary event (Underlying Specific Conditions).

(b) *Redemption*

Structured Securities in principle grant the holder the right to payment of the Redemption Amount on the Redemption Date.

The Redemption Amount for the Structured Securities will be calculated by reference to a specific participation in the performance of the Underlying as provided for by the applicable Redemption Feature and the specifically referenced Downside Feature. The level of the Redemption Amount is determined on the Redemption Valuation Date. The Redemption Amount can be either a Cash Redemption Amount or a Physical Redemption Amount.

(c) *Calculation of the Cash Redemption Amount*

The Cash Redemption Amount of the Structured Securities will be calculated on the basis of the applicable Redemption Feature and Downside Feature selected in the Issue Terms. The calculation method for the Redemption Amount applicable to the Structured Securities in each individual case depends in principle on whether such Features of the Structured Securities, unless Physical Delivery applies:

- provide for fixed payout amounts at a specified Redemption Factor ("**Static Redemption Feature**");
- depend only or in principal on the Final Reference Price of the Underlying compared to the Initial Reference Price of the Underlying and provide for the participation in the

performance of the Underlying ("**Participation (with Cap and without Cap) Redemption Feature**");

- provide for fixed payout amounts in the case of a gain of the Reference Price of the Underlying at or above the Threshold Level which may be higher than the actual performance of the Underlying ("**Digital Redemption Feature**");
- provide for the limited inverse participation in the fall of the Underlying if the Final Reference Price is greater than, or greater than or equal to, the Twin Win Barrier, specified in the Issue Terms; if the Twin Win Barrier is breached, one of the Downside Features described before will apply ("**Twin Win Securities Redemption Feature**");
- provide for fixed payout amounts in the case of a gain of the Reference Price of the Underlying at or above the Initial Reference Price irrespective of the actual performance ("**Income Redemption Feature**");
- provide for fixed payout amounts in the case a Lock-in Event (as defined in Payout Condition 2.13 (*Business Day Convention*)) has occurred, irrespective of the actual performance ("**Lock-in Redemption Feature**");
- provide for fixed payout amounts if the Final Reference Price is greater than, or greater than or equal to, the Threshold Level and for participation in the development of the Underlying if the Final Reference Price is lower than, or lower than or equal to, the Threshold Level, but greater than, or greater than or equal to, the Initial Reference Price ("**Shark Fin Redemption Feature**");
- provide for the partial redemption on specified dates during the lifetime of the Security, at a specified Amortisation Rate ("**Amortising Feature**");
- provide for the participation in the relative performance with respect to the respective start and end of a number of specified periods of the Underlying ("**Restrike Feature**");
- provide for the participation in the performance of the Underlying on the basis of a specified standard, capped/floored or weighted spread ("**Spread Feature**");
- provide for the participation in the performance of the Underlying on the basis of the occurrence of one or more Investment Events specified in the Issue Terms ("**Drop-back Redemption**");
- provide for the unlimited participation in falls of the Underlying if the Reference Price of the Underlying falls below, or is equal to, the relevant value or threshold provided for in the applicable Redemption Feature, in which case the Redemption Amount may become as low as zero ("**No Principal Protection Securities Downside Feature**");
- provide for capital protection at maturity if the Reference Price of the Underlying falls below, or is equal to, the relevant value or threshold provided for in the applicable Redemption Feature ("**(Partially) Principal Protected Securities Downside Feature**");
- provide for the unlimited participation in falls of the Underlying if (i) the Reference Price of the Underlying falls below, or is equal to, the relevant value or threshold provided for in the applicable Redemption Feature and (ii) a Barrier Event, as specified in the Issue Terms, has occurred; in which case the Redemption Amount may become as low as zero ("**Barrier Securities Downside Feature**"); if a Barrier Event does not occur, the Redemption Amount corresponds to the Notional Amount (multiplied by a Return Factor, if applicable);

- provide for the unlimited participation in falls of the Underlying if (i) the Reference Price of the Underlying falls below, or is equal to, the relevant value or threshold provided for in the applicable Redemption Feature and (ii) the Final Reference Price is lower than, or equal to, the Buffer Threshold Value, in which case the Redemption Amount may become as low as zero ("**Buffer Securities Downside Feature**"); if the Buffer Threshold Value is not breached, the Redemption Amount corresponds to the Notional Amount (multiplied by a Return Factor, if applicable);
- provide for a specific participation rate in the case of a certain gain or decrease of the Underlying, in which case the Redemption Amount is calculated by multiplying the gain or decrease of the Reference Price of the Underlying with the applicable rate; and/or
- provide for a Cap, in which case the Redemption Amount will not exceed the Cap.

If the Redemption Amount calculated is not positive, the security expires worthless and the Securityholder suffers a total loss.

(d) *Physical Delivery*

If Physical Delivery is specified as applicable in the Issue Terms, rather than the Cash Redemption Amount, Securityholders will receive the Physical Delivery Amount and a cash amount (if any) to compensate for any residual fractional interests not encompassed by the Physical Delivery Amount ("**Residual Cash Amount**").

As a result, if so specified in the applicable Issue Terms, this feature can provide for the unlimited participation in falls of the Underlying if:

- in the case of Barrier Securities, a Barrier Event, as specified in the Issue Terms, has occurred;
- in the case of Buffer Securities, the Final Reference Price is lower than, or equal to, the Buffer Threshold Value; and
- for all relevant Securities, the Reference Price of the Deliverable Underlying generally falls below, or is equal to, the relevant value or threshold provided for in the applicable Redemption Feature.

On the other hand, if so specified in the applicable Issue Terms, this feature can provide participation in gains of the Underlying if, for the relevant Securities, the Reference Price of the Deliverable Underlying generally rises above, or is equal to, the relevant value or threshold provided for in the applicable Redemption Feature.

In each case, the Calculation Agent determines the Physical Delivery Amount on the basis of one of the following numbers, rounded down to the nearest whole unit of the relevant Deliverable Underlying, or as otherwise specified in the Issue Terms:

- the ratio of:
 - (i) an amount determined by the Calculation Agent as being equal to the amount of cash that would otherwise have been paid as the Redemption Amount for such Security in accordance with the relevant Redemption Feature or Downside Feature;
 - (ii) the Calculation Amount; or
 - (iii) another number specified in the Issue Terms,
 as the numerator,

divided by the Settlement Initial Level specified in the Issue Terms,
as the denominator

(the ratio so computed may be adjusted to account for differences in exchange rates between the Securities and the Underlying); or

- another number specified in the Issue Terms.

(e) *Coupon Features*

Structured Securities may provide for:

- No Coupon Payments;
- Structured Coupon Payments, the receipt of which depends on the performance of the Reference Rate(s) or other Underlying(s), and which may be subject to a floor, cap or leverage or be calculated based on a specified spread, the frequency within a certain period for which the Reference Rate or Underlying is within a specified range or the development of an index tracking inflation;
- Conditional Coupon Payments, the receipt of which depends on the performance of the Reference Rate(s) or other Underlying(s) based on whether this performance fulfils the condition specified, and which may provide for the possibility to receive missed coupons on later coupon payment dates under certain circumstances (Memory) and/or which may provide for coupons to be paid regardless of the performance of the Reference Rate or Underlying following the occurrence of a Lock-in Event (Lock-in);
- Fixed Coupon Payments regardless of the performance of any Underlying(s) for such Securities;
- Floating Coupon Payments linked to any Reference Rate(s); see Section 3.4 (*Determination of Interest Benchmarks as Reference Rates or Underlyings, Adjustments and Replacements*) for more information on the different types of floating interest which may be specified;
- Blended Coupon Payments, the receipt of which may or may not depend on the performance of the Reference Rate(s) or other Underlying(s), depending on the component Potential Coupons specified;
- Drop-back Coupon Payments, the receipt of which may depend on the occurrence of a certain Investment Event specified in the Issue Terms; or
- Zero Coupons Securities; in which case, the Securityholder will receive no payments related to coupons under the Securities. However, the Securities will be issued at a discount. The difference between the Notional Amount paid on the Redemption Date and the Discounted Notional Amount represents the yield on the Securities,

as specified in the Issue Terms.

(f) *Issuer Call and Automatic Early Redemption Features*

Structured Securities may include a regular or one time call right of the Issuer in which case the Structured Securities will be redeemed early at the amounts and dates specified in the Issue Terms.

Structured Securities may be subject to an Automatic Early Redemption Feature. In this case, the Structured Securities will be automatically redeemed early in whole prior to maturity if the Observation Value of the Underlying is greater than, lower than, or equal to, its Automatic Early Redemption Level on any Automatic Early Redemption Valuation Date or the Automatic Early

Redemption Valuation Period. If the Structured Securities are redeemed early, the Exit Rate will be paid on the applicable Early Redemption Date and the Structured Securities will cease to be outstanding.

(g) *Right of the Issuer to replace an Interest Benchmark and/or to make adjustments to the Conditions*

The Conditions of the Structured Securities that specify an Interest Benchmark govern the rights of the Issuer to make adjustments to the Interest Benchmark and the Conditions of the Structured Securities in the event of certain adjustments and extraordinary events, for example if the Interest Benchmark ceases to exist or is no longer representative for the underlying market it intends to measure.

(h) *Call, Securityholders Optional Early Redemption, Automatic Early Redemption and Knock-in Features*

Structured Securities may include a regular or one time put right of the Securityholder in which case the Structured Securities will be redeemed early at the amounts and dates specified in the Issue Terms.

If the Issue Terms specify Automatic Early Redemption as "applicable", the Structured Securities will be automatically redeemed early in whole prior to maturity if the Cumulative Coupon is greater than, lower than, or equal to, the Coupon Target Level on any Automatic Early Redemption Valuation Date or the Automatic Early Redemption Valuation Period. If the Structured Securities are redeemed early, the Exit Rate will be paid on the applicable Early Redemption Date and the Structured Securities will cease to be outstanding.

If the Issue Terms specify Knock-in Event as "applicable" and a Knock-in Event has occurred on a Knock-in Valuation Date, the Security will be redeemed early and the Securityholder will receive an amount calculated multiplying the Notional Amount with the sum of 1 and the Knock-in Ratio.

2.6 **Specific description of the Credit Linked Notes**

Credit Linked Notes are Securities for which the amount payable depends upon whether certain Credit Events in respect of one or more Reference Entities have not occurred.

(a) *Rights and obligations in connection with the Credit Linked Notes*

Rights and obligations in connection with the Credit Linked Notes are determined in accordance with their Payout Conditions, in conjunction with General Conditions. These include provisions, among others, relating to the right to payment of a Redemption Amount (General Condition 4.1 (*Final Redemption*)) in conjunction with the Payout Conditions).

The Payout Conditions also govern the rights of the Issuer to make adjustments to the Conditions and to the Reference Entity or Entities of the Credit Linked Notes in the event of certain succession or other extraordinary events, for example if the Reference Entity is subject to a merger or a split.

(b) *Redemption if no Credit Event occurs*

Credit Linked Notes grant the holder the right to payment of the Redemption Amount on the Redemption Date which equals 100% of the Notional Amount or such other amount specified in the Issue Terms.

(c) *Interest Options*

Credit Linked Notes generally provide for fixed interest. Hybrid Securities may provide for floating interest and other structured interest payments or a combination of fixed and floating interest, depending on the elections specified in the relevant Issue Terms. See Section 3.4 (*Determination of Interest Benchmarks as Reference Rates or Underlyings, Adjustments and Replacements*) for more

information on the different types of floating interest which may be specified. In addition, Credit Linked Notes may be issued as:

- Bonus Coupon Notes, with respect to which additional interest is payable as specified in the relevant Issue Terms;
- Credit Linked Interest Only Credit Linked Notes, which, unless previously redeemed or purchased and cancelled in full, can only be redeemed at their original Notional Amount specified in the Issue Terms on the relevant CLN Redemption Date; or
- Credit Linked Principal Only Credit Linked Notes, with respect to which no interest will accrue.

(d) *Redemption Options for Hybrid Securities*

As Hybrid Securities may include Features of Structured Securities, the related Redemption Amount may in the absence of a Credit Event be calculated by reference to a specific participation in the performance of the Underlying as provided for by the applicable Redemption Feature and the specifically referenced Downside Feature, as set out in 2.5(c) above.

(e) *Credit linkage to certain Reference Entities*

The Credit Linked Notes refer to one or more Reference Entities.

There are several variations for the Credit Linked Notes. There are basically six different basic forms of Credit Linked Notes that can be distinguished:

- Credit Linked Notes which refer to a single corporate as the Reference Entity;
- Credit Linked Notes which refer to a single sovereign as the Reference Entity;
- Credit Linked Notes which refer to a single financial institution as the Reference Entity;
- Credit Linked Notes which refer to multiple corporates as the Reference Entities;
- Credit Linked Notes which refer to multiple sovereigns as the Reference Entities; and
- Credit Linked Notes which refer to multiple financial institutions as the Reference Entities.

Credit Linked Notes which refer to multiple Reference Entities can be issued as:

- Basket Credit Linked Notes;
- Nth-to-Default Credit Linked Notes; or
- Tranched Credit Linked Notes.

These Credit Linked Notes may also be issued with a combination of corporate, sovereign or financial institutions as Reference Entities.

Moreover, Reference Entities may fall in a specific category with respect to specific conditions in the Payout Conditions, for example monoline insurers.

Each relevant Reference Entity will be named in the Issue Terms together with information about its country of incorporation and industry in which it operates. For offers to the public or the listing of the Securities on a regulated market, the Issuer will only select Reference Entities that have securities admitted to trading on a regulated market, equivalent third country market or SME growth market. The Issue Terms will name such markets.

If principal and interest have different credit linkage, Credit Linked Notes will be issued as Combination Credit Linked Notes, which may comprise distinct Credit Components in the form of Principal Components, Interest Components and Principal and Interest Components.

(f) *Loss upon occurrence of a Credit Event*

The Credit Linked Notes will be redeemed at the Redemption Amount and bear interest. However, this is only the case if no Credit Event has occurred with regard to the respective Reference Entity.

If a Credit Event occurs, the Redemption Amount will not be redeemed. Instead, unless Physical Settlement is specified as applicable in the relevant Issue Terms, the Securityholder will receive one of the following with respect to the affected Reference Entity:

- (i) a cash amount determined by way of the Auction Settlement or Cash Settlement;
- (ii) a fixed cash amount based on a fixed Final Price; or
- (iii) in case of Zero Recovery Credit Linked Notes, no cash settlement amount at all,

as applicable pursuant to the Issue Terms (each a "**Credit Event Settlement Method**").

By purchasing the Credit Linked Notes, the Securityholders assume additional risks in addition to the risks related to the ability of the Issuer to make payments. These risks result from the fact that a Credit Event can occur with regard to the Reference Entity(ies).

If that situation occurs, the Securityholder will receive an amount which is normally substantially lower than the scheduled Redemption Amount. Interest payments on Coupon Payment Dates which fall after the occurrence of a Credit Event can also be lost in whole or in part. Under certain circumstances, the Securityholder may not receive any payments under the Credit Linked Notes at all.

(g) *Physical Settlement*

If Physical Settlement applies to any Credit Linked Note, either as a primary settlement method or fallback settlement method in case Auction Settlement is not possible for the reasons set out in the terms and conditions of the Credit Linked Notes, upon the occurrence of an Event Determination Date, the Issuer shall, on or prior to the related Physical Settlement Date and subject to certain exceptions, redeem the Credit Linked Note in full (or, where such Credit Linked Note is a Basket Credit Linked Note, in part, in respect of the relevant Reference Entity Notional Amount of the affected Reference Entity or Reference Entities), respectively, by:

- (a) Delivering a *pro rata* share of the Outstanding Amount specified in the related Notice of Physical Settlement or NOPS Amendment Notice, as applicable; and
- (b) paying such Credit Linked Note's *pro rata* portion of the related Physical Settlement Adjustment Rounding Amount.

In connection with the Delivery of any *pro rata* share of the Outstanding, any recordation, processing or similar fee reasonably incurred by the Issuer and/or any of its Affiliates and payable to the agent under a Loan in connection with an assignment, novation or participation shall be payable by the relevant Securityholders, as well as any stamp tax or transaction tax.

As a consequence of a Physical Settlement, a Securityholder will going forward be a holder of the delivered Deliverable Obligation. This means that it is not longer the creditor of the Issuer but the creditor of the issuer of the Deliverable Obligation, which is, in most cases, the Reference Entity or an entity whose obligations are guaranteed by the Reference Entity. Given that a Credit Event has occurred in respect of the Reference Entity, the delivered Deliverable Obligation might be in default. This could mean that in order to receive payments under the Deliverable Obligation, if the Securityholder does not sell it, the Securityholder may be required to take legal actions against the

issuer thereof or to participate in insolvency proceedings as an unsecured creditor of the insolvent issuer.

- (h) *Reference Entities, Event Determination Dates and weightings in case of Basket Credit Linked Notes, Tranching Credit Linked Notes and Nth-to-Default Credit Linked Notes*

A single Reference Entity or multiple Reference Entities will be specified in the Issue Terms.

In the case of Basket Credit Linked Notes or Tranching Credit Linked Notes, the weightings given to the individual Reference Entities are – unless otherwise provided in the Issue Terms – equal. In addition, in respect of Tranching Credit Linked Notes, the Issue Terms will specify the Attachment Point and Exhaustion Point relating to the losses resulting from the portfolio of Reference Entities in respect of the Credit Linked Notes. Losses from Credit Events become relevant under the Tranching Credit Linked Notes if the Loss Threshold Amount determined by the Attachment Point has been reached up to the Exhaustion Point, which will result in the full notional amount of the Tranching Credit Linked Notes being subject to a Credit Event based settlement of the Credit Linked Notes in accordance with the applicable Credit Event Settlement Method even though only some of the Reference Entities of the referenced portfolio are affected by Credit Events.

In the case of Basket Credit Linked Notes, where the Issue Terms specify a "Distribution End Date", and that:

- "Distribution Period Redemption" applies, the Issuer will redeem each outstanding Credit Linked Note in part on the fifth Business Day following the Distribution End Date in an Outstanding Notional Amount corresponding to such Credit Linked Note's pro rata share of the relevant Reference Entity Notional Amount, by making a payment in respect of each Credit Linked Note equal to its pro rata share of the related Reference Entity Notional Amount;
- "Redemption at Maturity" applies, with effect from such Distribution Period Event Determination Date, such Reference Entity shall no longer be treated as a Reference Entity and no further Event Determination Date may occur with respect to that Reference Entity; and no adjustment shall be made to the Reference Entity Notional Amount in respect of any other Reference Entity; and
- "Distribution Period Event Determination Date Disapplication" applies, any Distribution Period Event Determination Date which occurs with respect to a Reference Entity shall not be treated as an Event Determination Date and only Event Determination Dates which occur on or after the Distribution End Date shall be treated as such.

In the case of Nth-to-Default Credit Linked Notes, such Credit Linked Notes are linked to multiple Reference Entities and the Issue Terms will specify the number of Reference Entities (*i.e.* "Nth" Reference Entities) with respect to which an Event Determination Date must occur in order to determine which Reference Entity is the "Nth-to-Default Reference Entity" (for the avoidance of doubt, an Event Determination Date may only occur once with respect to each Reference Entity). Once an Event Determination Date with respect to the number "Nth" Reference Entity has occurred on or prior to the Scheduled Redemption Date (subject to extension), such Credit Linked Notes will (i) cease to bear interest and (ii) instead of being redeemed at the Scheduled Redemption Amount on the Scheduled Redemption Date, be redeemed in line with the applicable Credit Event Settlement Method.

In addition, where the Issue Terms specify a value for "M", the relevant redemption and interest payment provisions shall apply in respect of every subsequent Event Determination Date until the number of Reference Entities for which an Event Determination Date has occurred is equal to "M". If no value is specified for "M" in the Issue Terms, with effect from such date, no Event Determination Date shall occur in respect of any other relevant Reference Entity.

A Transaction Type will be attributed in the Issue Terms to each Reference Entity based on its type (corporate, sovereign or financial institution) or its region of origin. For example: "European

corporate", "North American corporate", "Western European sovereign", "Emerging European & Middle Eastern sovereign", "European financial corporate" or "Australian financial corporate". Depending on the Transaction Type, the Issue Terms will provide that certain provisions in the Payout Conditions are applicable or not applicable.

Reference Entities can be replaced under the Payout Conditions upon the occurrence of a succession by one or more Successors. This can also lead to an adjustment of their weighting and the Reference Entity Notional Amount attributable to the Reference Entity(ies). For further details about successions, please see section (h) (*Successors*) below.

(i) *Successors*

A succession with regard to a Reference Entity that is relevant for the Credit Linked Notes can occur. A replacement of the Reference Entity by a Successor takes effect upon publication of a corresponding notice by the Issuer.

Single Name Credit Linked Notes

In the case of Credit Linked Notes with a single Reference Entity, the Issuer can replace the Reference Entity with one or more Successors in the case of succession. The Payout Conditions contain provisions about the selection of the Successor(s). If the Issuer publishes a Credit Event Notice prior to the occurrence of succession, no Successor will be determined.

If the Issuer determines more than one Successor for the Reference Entity, the Credit Linked Notes relate proportionately to each of the Successors.

Credit Linked Notes with multiple Reference Entities

In the case of Credit Linked Notes with multiple Reference Entities, the Issuer can replace the Reference Entity affected by a succession with one or more Successors. The Payout Conditions contain provisions about selecting the Successor(s).

A Reference Entity can also be a Successor of another Reference Entity if the prerequisites for selecting this Reference Entity as a Successor are satisfied.

In the case of replacement of a Reference Entity by only one Successor, the Reference Entity weighting for that Successor corresponds to the weighting of the replaced Reference Entity.

In the case of replacement of a Reference Entity by multiple Successors, the following applies: The weighting for each Successor corresponds to the weighting of the Reference Entity divided by the number of Successors.

If a Successor is already a Reference Entity, the following applies: The weighting of this Reference Entity is increased, compared to the other Reference Entities, by this additional weighting of the affected Reference Entity.

No Successor is determined for a Reference Entity for which the Issuer has published a Credit Event Notice prior to the occurrence of succession.

A Reference Entity for which the Issuer has published a Credit Event Notice can become the Successor of another Reference Entity. This possibility exists if the Issuer has still not published a Credit Event Notice for the replaced Reference Entity.

Nth-to-Default Credit Linked Notes

In the case of Nth-to-Default Credit Linked Notes, if the Issuer has identified more than one Successor following succession, each affected Nth-to-Default Credit Linked Note will be deemed to have been

divided, with effect from the Succession Date, into a number of new Credit Linked Notes equal to the number of Successors.

If "Substitution" is specified as not being applicable in the Issue Terms, any Surviving Reference Entity is deemed to be a Successor to the Legacy Reference Entity. If "Substitution" is specified as being applicable in the Issue Terms, the Surviving Reference Entity is deemed not to be a Successor to the Legacy Reference Entity and the Replacement Reference Entity is deemed to be a Successor to the Legacy Reference Entity.

(j) *Obligations*

Which Obligations of a Reference Entity play a role in determining a Credit Event is set forth in the Issue Terms.

Obligations can be:

- (a) payment obligations of the Reference Entity under all forms of borrowed money,
- (b) payment obligations of the Reference Entity from loans and bonds that have been issued,
- (c) payment obligations of the Reference Entity exclusively under issued bonds.

The term 'Obligation' also includes guarantees of the Reference Entity which are assumed for the above described categories of Obligations. The Issue Terms may specify additional characteristics in respect of the applicable Obligations, thereby limiting the scope of outstanding obligations of the Reference Entity.

(k) *Deliverable Obligations*

Which Deliverable Obligations of a Reference Entity can be delivered as Physical Settlement Amounts is set forth in the Issue Terms.

Deliverable Obligations can be:

- (a) payment obligations of the Reference Entity under all forms of borrowed money,
- (b) payment obligations of the Reference Entity from loans and bonds that have been issued,
- (c) payment obligations of the Reference Entity exclusively under issued bonds.

In addition, more specific characteristics may be specified in the Issue Terms, in particular characteristics in respect of the applicable Obligations, thereby limiting the scope of outstanding obligations of the Reference Entity. For example, the Issue Terms may specify that only specific tradable bonds of the Reference Entity are covered by the term Deliverable Obligation, thereby excluding any other obligations of the Reference Entity like loans granted by banks.

The term 'Deliverable Obligation' also includes guarantees of the Reference Entity which are assumed for the above described categories of Deliverable Obligations.

The Deliverable Obligations are decisive for the determination of the Cash Settlement Amount or Physical Settlement Amount. If more than one Obligation fulfils the objective criteria for a Deliverable Obligation, the Issuer is entitled, pursuant to the Terms and Conditions, to choose such Obligation with the lowest market value.

(l) *Asset Package*

In certain circumstances where (a) "Financial Reference Entity Terms" and "Governmental Intervention" apply in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such

Restructuring does not constitute a Governmental Intervention or (b) a Restructuring Credit Event in respect of a Sovereign, then a related asset package resulting from a prior deliverable obligation (where "Financial Reference Entity Terms" apply) or package observable bond (where the Reference Entity is a sovereign) may be—dependent on the settlement method—valued or delivered.

If the resulting asset package is deemed to be zero where there are no resulting assets, the negative impact on Investors could be a related credit loss borne by Securityholders of 100 per cent. of their investment notwithstanding the recovery value on any other obligations of the Reference Entity.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the Credit Derivatives Determinations Committees, which valuation may result in losses to be borne by Investors which may be greater than the losses which would have been determined in the absence of such valuation methodology being used.

(m) *Credit Events*

Credit Events describe the occurrence or the threatened occurrence of various economically adverse circumstances from the point of view of the creditors of the respective Reference Entity. Credit Events are accordingly an expression of a material negative development in the credit standing of the Reference Entity.

However, a Credit Event at a Reference Entity can only exist if the Issuer has learned about the occurrence of the Credit Event. The Issuer must have obtained this knowledge on the basis of publicly available information. All requirements for the occurrence of a Credit Event must be satisfied by the affected Reference Entity(ies).

The Issue Terms can, depending on the Transaction Type of the Reference Entity, provide for one or more of the following Credit Events:

- Bankruptcy,
- Failure to Pay,
- Restructuring,
- Repudiation/Moratorium,
- Obligation Default,
- Obligation Acceleration,
- Governmental Intervention.

This means that the Credit Linked Notes, in addition to the credit standing of the Issuer, above all depend on the credit standing of the Reference Entity. The Securityholder receives the payments contemplated in the Payout Conditions in the intended amount if no Credit Event has occurred. Upon the occurrence of a Credit Event, the Securityholder incurs a partial or complete loss with regard to interest payments and principal.

A Credit Event which is relevant for the Credit Linked Notes must occur on or after the Credit Event Backstop Date, which can be a date prior to the Issue Date or Trade Date, and on or prior to the Scheduled Redemption Date, or in case of an extension, the Extension Date set out in the Issue Terms ("**Relevant Credit Event Period**").

If a Credit Event has occurred, the Issuer must give notice thereof in the so-called Credit Event Notice within the Relevant Credit Event Period.

The following is an overview of the different types of Credit Events that can occur:

Bankruptcy Credit Event

The Bankruptcy Credit Event can occur with respect to corporates or financial institutions as Reference Entities. The Credit Event exists, for example, if insolvency proceedings or comparable proceedings have been initiated with regard to the Reference Entity. The Bankruptcy Credit Event can also occur in the case of liquidation or inability of the Reference Entity to meet its ongoing payment obligations or over-indebtedness.

Failure to Pay Credit Event

The Failure to Pay Credit Event can occur for all types of Reference Entities.

A Failure to Pay Credit Event occurs, for example, if the Reference Entity has not paid an Obligation or has not done so on time. However, certain threshold values must be taken into account for this purpose. The Failure to Pay must accordingly exist with regard to a specific amount (US Dollars 1 million). The Failure to Pay smaller amounts does not lead to the occurrence of the Failure to Pay Credit Event.

A Failure to Pay Credit Event can also occur due to a redenomination of a currency as a consequence of actions taken by a public authority. This applies in the following situation: The redenomination of the currency leads to a reduction in the interest payments, payments of principal or other payments for Obligations of the Reference Entity.

Restructuring Credit Event

The Restructuring Credit Event can occur for all types of Reference Entities.

The Restructuring Credit Event occurs, for example, in the following situations:

- The interest rate or the amount of principal of one or more Obligations of the Reference Entity are reduced or their due date is extended.
- The payments for one or more Obligations of the Reference Entity are deferred.
- The ranking of one or more Obligations of the Reference Entity are adversely changed, or there is a redenomination of a currency.

A prerequisite for one of the above-described Restructurings is that the credit standing or the financial situation of the relevant Reference Entity deteriorates.

The Restructuring must be made in a form which is binding for all creditors of the respective Obligation. In all situations, the threshold values described in the Payout Conditions with regard to the relevant Obligation must be taken into account.

A redenomination from Euro to another currency does not constitute a Restructuring under the following conditions:

- At the time of the currency redenomination, there is a freely available standard market conversion rate between the Euro and the other currency, and
- Payments of interest, principal or other payments for Obligations of the Reference Entity are not reduced upon redenomination at this freely available standard market conversion rate.

In the case of a Restructuring Credit Event, if Physical Settlement applies, the Issuer may deliver Deliverable Obligations with a term to maturity that is the same term as the relevant Credit Linked Notes.

Repudiation/Moratorium Credit Event

The Repudiation/Moratorium Credit Event can occur for sovereigns and certain corporates.

The Repudiation/Moratorium Credit Event occurs, for example, in the following situations:

- A Reference Entity or a public authority completely or partially disputes the existence of an Obligation. A Reference Entity or a public authority does not acknowledge an Obligation or rejects the Obligation or disputes its validity.
- A Reference Entity or a public authority declares or legally takes one of the following measures with regard to an Obligation: a moratorium, a standstill of payments, an extension of payments or a deferral of payments.

A prerequisite for the occurrence of this Credit Event is also that an Obligation is not paid at all or not paid within the stated time frame. This also applies if a restructuring of the Obligation takes place.

In all situations, the threshold values described in the Payout Conditions with regard to the relevant Obligation must be taken into account.

Obligation Default Credit Event

The Obligation Default Credit Event can occur for all types of Reference Entities.

This Credit Event can occur, for example, if one or more Obligations of a Reference Entity could be terminated or accelerated because of a non-performance of the Obligation or another breach of contract.

Obligation Acceleration Credit Event

The Obligation Acceleration Credit Event can occur for all types of Reference Entities.

An Obligation Acceleration Credit Event occurs, for example, if one or more Obligations of a Reference Entity are accelerated because there is a breach of contract by the Reference Entity, or grounds for termination contained in the Payout Conditions or a similar event occurs.

In all cases, the threshold values described in the Payout Conditions with regard to the affected Obligation must be taken into account.

Governmental Intervention Credit Event

The Governmental Intervention Credit Event can occur in the case of Financial Reference Entities.

There is a Governmental Intervention, for example, if the interest rate or the amount of principal is reduced for an unsubordinated Obligation of the Reference Entity. Governmental Intervention also exists if the due date is extended, payments are deferred or the ranking of the unsubordinated Obligation is adversely changed.

The Governmental Intervention occurs by means of a measure or announcement by a Governmental Authority which is binding for the Reference Entity. This can also occur on the basis of a provision in the law which involves the recovery or resolution of the Reference Entity (or a comparable legal provision).

Governmental Intervention also exists, for example, if claims of creditors under an unsubordinated Obligation are expropriated, transferred or terminated or are subject to a mandatory exchange.

It is irrelevant in this regard whether the contracts about the relevant Obligations expressly provide for such Governmental Intervention. Therefore, the Securityholder should pay attention to the following with regard to the application of this Credit Event in the case of a Reference Entity:

The applicable law governing recoveries and resolutions for a financial institution can authorise substantial impact on, and intervention in, the Obligations of a financial institution. Measures up to and including a reduction of the debt are conceivable. These measures can already be taken in advance of insolvency. Such measures can especially be carried out if the financial institution threatens to fail or if there is reason to fear the cancellation of the banking licence.

In the case of Credit Linked Notes which refer to financial institutions, the following must especially be considered: They depend to a high degree on the content and scope of the applicable national legislation on recoveries and resolutions.

(n) *Suspension or deferral of payments*

The Issuer can suspend or defer payments on the Credit Linked Notes. The relevant requirements for a suspension or deferral set out in the Payout Conditions must be satisfied for this purpose.

The suspension or deferral of payments has the following background: In certain situations, the Issuer needs time in order to determine whether a Credit Event has occurred. The Issuer can especially wait to see what resolution the relevant ISDA Credit Derivatives Determination Committee adopts (see (l) *Influence of ISDA Resolutions*). The ISDA Credit Derivatives Determination Committee examines the issue of whether a circumstance exists with regard to the Reference Entity which can constitute a Credit Event.

In the case of the applicability of the Credit Event Repudiation/Moratorium, a deferral within the time periods set forth in the Payout Conditions is permissible. This applies under two prerequisites: (a) the occurrence of this Credit Event threatens due to a corresponding announcement; and (b) the determinative, outstanding payment Obligation of the relevant Reference Entity, however, is not yet due and could still be fulfilled.

In the case of a potential Failure to Pay, the Issue Terms can provide that a grace period will be fully taken into account: A payment deferral occurs if a Credit Event threatens due to a corresponding payment which has not been made. The determinative, outstanding payment obligation of the Reference Entity is due, but could not yet be fulfilled.

The payment suspension or deferral can be for a significant period of time.

(o) *Information on ISDA Terms and ISDA auction proceedings*

The Payout Conditions are based on market standard terms for certain financial instruments. These are financial instruments which depend on the occurrence of a credit event with respect to one or more Reference Entities (Credit Derivatives). These standard terms are referred to as the 'ISDA Credit Derivatives Definitions'. They were published by the International Swaps and Derivatives Association, Inc. (ISDA) in 2014 (the "**ISDA Terms**").

ISDA is a private trading organisation. It represents its members in the derivatives market. Members are large institutions as well as privately held and state-owned companies worldwide which trade derivative financial products referencing specific underlyings. ISDA has developed the ISDA Terms in concurrence with the members and other participants in the market. The ISDA Terms are governed by English law or the law of the State of New York. The ISDA Terms are not freely available on the ISDA website. They can only be obtained in the English language for a fee.

The uniform application of the ISDA Terms is supported by announcements and protocols agreed between ISDA and the market participants. The ISDA Terms are also applied in resolutions by the ISDA Credit Derivatives Determinations Committee. The members of this body are traders and purchasers of Credit Derivatives. The ISDA Credit Derivatives Determinations Committee serves the purpose of making decisions in connection with the ISDA Terms uniformly for the worldwide credit derivatives market.

Upon the occurrence of a Credit Event with regard to a Reference Entity, ISDA can proceed as follows when applying the ISDA Terms: ISDA conducts an auction which relates to the relevant Reference Entity and its Obligations. The ISDA Credit Derivatives Determinations Committee selects Obligations of the Reference Entity for this purpose. In the course of the auction, market participants submit offer and selling prices with regard to these selected Obligations of the Reference Entity. Selected Obligations can be *e.g.* certain bonds of the Reference Entity. The parameters of the auction proceedings are determined by the ISDA Credit Derivatives Determinations Committee (so-called Auction Settlement Terms). The Auction Final Price determined in the ISDA auction in accordance with the ISDA Terms is the basis for the settlement of Credit Linked Notes which are subject to the ISDA Terms.

For more detailed information about the ISDA auction proceedings, see "Terms and Conditions of the Securities – Payout Conditions for Credit Linked Notes – Annex A to the Payout Conditions for Credit Linked Notes – Auction Settlement".

(p) *Influence of ISDA resolutions*

As the Payout Conditions are based on standards set out in the ISDA Terms, the question whether a Credit Event under the Credit Linked Notes occurs, a Successor exists, or the cash settlement amount, as well as interpretation of certain provisions in the Payout Conditions may be determined by reference to Resolutions of the ISDA Credit Derivatives Determinations Committee, which have an effect on the Credit Linked Notes in particular when the following prerequisites are satisfied:

- The ISDA resolutions are issued within the periods of time set forth in more detail in the Payout Conditions.
- The Issuer or Calculation Agent takes into account the ISDA resolutions when exercising its rights in accordance with the Payout Conditions.

Examples:

- ISDA publishes a notice of the occurrence of a Credit Event with regard to a Reference Entity and the point in time when this occurred.
- Conduct of an ISDA auction with regard to a Reference Entity and determination of an Auction Final Price.

Resolutions of the ISDA Credit Derivatives Determinations Committee are published on the website <https://www.cdsdeterminationscommittees.org/> or a successor page which replaces it.

(q) *Determination of the cash settlement*

(i) Use of the Auction Final Price

As part of the Auction Settlement, the settlement amount will be determined by reference to Auction Final Price determined in the ISDA auction proceedings. Exception: ISDA does not announce any ISDA auction proceedings within the periods of time set forth in the ISDA Terms or ISDA does not conduct any auction within these periods. The Auction Final Price can be well below 100% of the notional amount of the outstanding deliverable obligations of the Reference Entity. The Auction Final Price can even be zero (0) in an extreme situation.

ISDA can carry out multiple ISDA auctions with regard to a Reference Entity which is not a sovereign. Such a situation may occur if ISDA publishes the occurrence of a Restructuring Credit Event. The ISDA auction process then relates to different maturity categories for the Obligations of the Reference Entity. If ISDA publishes multiple Auction Final Prices in the case of a Restructuring Credit Event, the lowest price may be the Final Price for purposes of the Credit Linked Notes. If only one ISDA

auction takes place, the Auction Final Price generated in this auction is the relevant Final Price. This applies without regard to the maturity category to which the auction relates.

(ii) Use of discretionary valuations

If the prerequisites for applying Auction Settlement are not satisfied and/or if Cash Settlement applies, the Final Price will be based on quotations from certain dealers in obligations or bonds of the Reference Entity. The quotations for these obligations or bonds can be well below 100% of their notional value and can even be zero (0) in an extreme situation.

3. General description of the Underlying

3.1 Type of Underlyings

Structured Securities may be linked respectively to shares, indices, funds (including fund indices), exchange traded funds, foreign exchange rates, commodities or commodity indices, inflation indices, futures contracts, an interest benchmark or to baskets consisting of one or more of these instruments (the "**Underlying**"). In addition, interest payments under Structured Securities may be determined by reference to an interest benchmark or an interest benchmark and a certain calculation method as a reference rate (the "**Reference Rate**").

Where the Underlying is a basket, references to the Underlying throughout the Base Prospectus are also deemed to refer analogously to the individual basket constituents (the "**Basket Constituents**").

The relevant Issue Terms will specify the respective Underlying or the respective Basket Constituents and/or the Reference Rate and contain information about the respective Underlying or the respective Basket Constituents and/or the Reference Rate or indicate where information about the respective Underlying or the respective Basket Constituents and/or the Reference Rate, and in particular about its or their past and future performance and its or their volatility, can be obtained.

3.2 Market disruption

The valuation or trading of the Underlying may be subject to market disruption. A market disruption may result in a postponement of the valuation of the Underlying. Where appropriate, alternative rules for the valuation of the Underlying apply. Any consequences of market disruptions, e.g. the postponement of a Redemption Valuation Date, are specified in Underlying Specific Conditions of the Conditions.

3.3 Adjustments relating to the Underlying

Upon determining that a certain adjustment or extraordinary event, as further set out in the Underlying Specific Conditions has occurred, the Calculation Agent has broad discretion to make certain determinations to account for such an event, including

- (a) adjustments to amounts payable or other benefit to be received under such Securities,
- (b) a substitution of the Underlying, and
- (c) determining whether the requirements for an early redemption of the relevant Securities are met and the Early Redemption Amount, which will equal to the fair market value of the Securities. The terms and conditions as well as consequences of adjustments, e.g. the substitution of an Underlying, are specified in Underlying Specific Conditions.

3.4 Determination of Interest Benchmarks as Reference Rates or Underlyings, Adjustments and Replacements

Interest Benchmarks as Reference Rates or Underlyings may be determined through Screen Rate Determination or ISDA Determination.

(a) *Screen Rate Determination*

Where Screen Rate Determination is specified in the Issue Terms as the applicable method for determining the Reference Price or Floating Coupon for the Securities or the Level of an Interest Benchmark as Underlying, the Interest Benchmark will be determined by reference to both the applicable Benchmark and the Calculation Method specified in the Issue Terms.

The Benchmarks that may be specified are:

- the daily Sterling Overnight Index Average ("**SONIA**");
- the Secured Overnight Financing Rate ("**SOFR**");
- the daily euro short-term rate ("**€STR**");
- a rate determined on the basis of constant maturity swaps ("**CMS Rate**");
- the Swiss Average Rate Overnight ("**SARON**"); or
- any other Benchmark specified in the Issue Terms that will be determined by the Calculation Agent by reference to the specified Screen Page.

By reference to one of the Benchmarks, the Calculation Agent will determine the relevant Rate of Interest for an Interest Period on the basis of the Calculation Method specified in the Issue Terms:

- the daily compounded Benchmark ("**Compounded Daily Rate**") where:
 - either the values of the respective Benchmark to be taken into account for the determination of the Benchmark of a relevant Interest Period do not correspond to the value of the Benchmark for the respective day of the respective Interest Period, but to the values of the banking day preceding that day by a specified number of banking days ("**Lag**"); or
 - the relevant period for the observation of the values of the respective Benchmark to be taken into account in the determination of the Benchmark of a relevant Interest Period starts and ends, respectively, a certain number of days prior to the respective Interest Period ("**Shift**");
- the starting and ending values for the respective Interest Period (subject to a shift specified in the Issue Terms) of an index of the Benchmark specified in the Issue Terms ("**Compounded Index Rate**"); or
- the formula specified in the Issue Terms for calculating the CMS Rate ("**Applicable CMS Formula**").

In the event that the interest rate cannot be determined in accordance with the provisions outlined above, but no Benchmark Event has occurred, the interest rate applicable to the Securities during such Interest Period will be either the interest rate last determined in relation to the Securities in respect of the last preceding Interest Period or a value determined by reference to an averaging calculation (refer to the terms and conditions of the Securities). In case of a non-temporary unavailability of the Benchmark the terms and conditions may also specify fallback benchmarks to be used in place of the Benchmark.

(b) *ISDA Determination*

Where ISDA Determination is specified in the Issue Terms as the applicable method for determining the Reference Price or Floating Coupon for the Securities or the Level of an Interest Benchmark as Underlying, the Interest Benchmark will be determined by reference to the provisions and definitions set out in the 2006 ISDA Definitions or the 2021 ISDA Interest Rate Derivatives Definitions (together the "**2006/2021 ISDA Definitions**") published by the International Swaps and Derivatives Association, Inc. ("**ISDA**").

ISDA is a private trading organisation. It represents its members in the derivatives market. Members are large institutions as well as privately held and state-owned companies worldwide which trade with derivative

financial products referenced to specific underlyings. ISDA has developed the 2006/2021 ISDA Definitions in concurrence with the members and other participants in the market. The 2006/2021 ISDA Definitions are subject to English law or the law of the State of New York. The 2006/2021 ISDA Definitions are not published for everyone on the website of ISDA. They can only be obtained in the English language for a charge.

(c) *Adjustments and Replacements*

If a Benchmark Event, Benchmark Transition Event or other event affecting a Benchmark occurs (as applicable pursuant to the terms and conditions of the Securities in respect of the specific Benchmark), the Issuer may exercise its right to replace the original Benchmark with a successor rate and/or make amendments to the terms and conditions of the Securities to take into account the consequences of such an event (including the determination of an adjustment spread).

4. **Benchmarks Regulation**

An index Underlying, an Interest Benchmark or an exchange rate used in the terms and conditions of the Securities for currency conversions may constitute a benchmark for the purposes of EU Benchmarks Regulation (EU) 2016/1011 (as amended, the "**Benchmarks Regulation**"). If any such index Underlying, an Interest Benchmark or an exchange rate does constitute such a benchmark the relevant Issue Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the Benchmarks Regulation. Not every index Underlying, Interest Benchmark or exchange rate may fall within the scope of the Benchmarks Regulation. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Issue Terms in order to reflect any change in the registration status of the administrator.

4.1 **Important notices**

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to any Share Issuer, Licensor/Index Sponsor, Management Company or any entity issuing equity or debt securities that are comprised in an Index, Fund, Fund Index, ETF or Commodity Index. Any such persons may have acquired, or during the term of the relevant Securities may acquire, non-public information with respect to a Share Issuer, a Licensor/Index Sponsor, a Management Company or an entity issuing equity or debt securities that are comprised in an Index, Fund, Fund Index, ETF or Commodity Index, or any of their respective affiliates, that is or may be material in the context of Securities linked to the related Underlying.

The issuance of Securities linked to an Underlying will not create any obligation on the part of any such persons to disclose to the holders of such Securities or any other party such information (whether or not confidential).

In addition, one or more affiliates of the Issuer may publish research reports or otherwise express views about the Underlying(s) (including, in the case of Securities linked to one or more Shares, about the relevant Share Issuer(s)). Securityholders should undertake an independent investigation of the Underlying(s) as is in their judgment appropriate in order to make an informed decision with respect to an investment in such Securities. The Issuer cannot assure Securityholders that any available public information regarding the Underlying(s) (including, in the case of Securities linked to one or more Shares, any information regarding the relevant Share Issuer(s), whether or not published by an affiliate of the Issuer, is accurate or complete.

5. **Agreement with respect to the exercise of Canadian Bail-in powers in relation to Bail-inable Securities**

By acquiring an interest in Bail-inable Securities, each Securityholder (including each beneficial owner) is deemed to:

- (a) agree to be bound, in respect of the Bail-inable Securities, by the CDIC Act, including the conversion of the Bail-inable Securities, in whole or in part – by means of a transaction or series of transactions

and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Bail-inable Securities in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to such Bail-inable Securities (a "**Bail-in Conversion**");

- (b) attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Securities;
- (c) have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Securityholder of the Bail-inable Securities for the express purpose of investing in the Bail-inable Securities; and
- (d) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on such Securityholder despite any provisions in the Conditions, any other law that governs such Bail-inable Securities and any other agreement, arrangement or understanding between such Securityholder and the Bank with respect to such Bail-inable Securities.

The applicable Final Terms or (in the case of Exempt Securities) applicable Pricing Supplement will indicate whether Securities are Bail-inable Securities. All Bail-inable Securities are subject to Bail-in Conversion. Each Securityholder or beneficial owner of the Bail-inable Securities that acquires an interest in the Bail-inable Securities in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such Securityholder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the Securityholders or beneficial owners that acquire an interest in the Bail-inable Securities upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Bail-inable Securities related to the Bail-in Regime.

Bail-inable Securities are not subject to set-off or netting rights.

6. Governing Law

The Securities will be governed by and construed in accordance with the laws applicable in the Province of Ontario and the federal laws of Canada applicable therein or, if so specified in the applicable Issue Terms, English law or French law, as so specified, except with respect to the exercise of Canadian bail-in powers in relation to Bail-inable Securities which will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

All contractual documentation related to the Securities other than the Conditions will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, with the exception of the Deed of Covenant applicable to Securities governed by English law, which will be governed by English law and the agency agreement in relation to the Securities governed by French law ("**French Agency Agreement**"), which will be governed by French law.

Ontario courts have non-exclusive jurisdiction in the event of litigation in respect of the contractual documentation and the Securities governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

The English courts have non-exclusive jurisdiction in the event of litigation in respect of Securities and related Deed of Covenant governed by English law.

The Cour d'Appel of Paris has non-exclusive jurisdiction in the event of litigation in respect of Securities governed by French law.

7. Rating

A tranche of Securities issued under the Programme may be rated or unrated. Ratings of rated tranche may differ from ratings of other rated tranche of Securities. The rating of the Securities is not a recommendation to purchase, hold or sell the Securities, and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agencies. There is no assurance that the rating of Securities will remain for any given period of time or that rating agencies will not lower or withdraw their ratings. Securityholders may suffer losses if a credit rating assigned to the Securities does not reflect the then creditworthiness of such Securities.

8. Currencies

Subject to compliance with all applicable laws, regulations and directives, the Securities may be issued in any currency, as specified in the Issue Terms of the relevant Security.

9. Maturities

All Securities will have a fixed term with any maturity, subject to all applicable laws, regulations or directives, as specified in the Issue Terms of the relevant Security.

10. Method of Issue

The Securities will be issued in one or more series (each, a "**Series**") and each Series may be issued in tranches on the same or different issue date(s) (each, a "**Tranche**"). The Securities of each Series are intended to be interchangeable with all other Securities of that Series.

11. Issue Price

Securities will be issued by the Issuer at the Issue Price specified in the Issue Terms. The Issue Price may be par, at a discount to par, or at a premium over par. The Issue Price of the Securities will likely be higher than its market value as at the Issue Date and higher than the price at which such Securities may be sold in any secondary market transactions.

12. Costs, expenses, fees and inducements

Purchasing the Securities involves costs and expenses for the subscriber or the purchaser. The Issue Price includes Security specific initial costs and may also include inducements. These costs, where known, will be specified in the relevant Issue Terms.

The Issuer may offer the Securities to distributing banks, securities firms and other financial intermediaries or institutions (i) at a discount or (ii) at the Issue Price but transfers to such intermediaries certain fees explicitly specified in the Issue Terms. With respect to a Security, for which the Issue Price is set out in percent, the amount may be calculated based on the Specified Denomination of that Security or on a per Security basis. Alternatively, the amount will be calculated based on the Issue Price. In addition or alternatively, the Issuer and/or the relevant Dealer may pay recurring fees to distribution partners. To the extent such fees are charged to Securityholders, the individual rates will be specified in the Issue Terms.

The Securityholder may also be subjected to on-going costs.

The Issue Price as well as the bid and ask prices provided by the Issuer during the term of the Securities are based on the internal pricing models of the Issuer.

Other costs and expenses associated with the purchase of the Securities which are charged to the subscriber or the purchaser, for example, by his principal bank, stock exchange or other third party, have to be disclosed by the third party.

13. Withholding Tax

All payments of principal and interest in respect of the Securities, the Receipts and the Coupons by or on behalf of the Bank will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, regulation or the administration thereof. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts received by the holders of such Securities, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest, if any, which would have been received in respect of the Securities, Receipts or Coupons, in the absence of such withholding or deduction, subject to certain exceptions. See "Terms and Conditions of the Securities – General Conditions – 6. Taxation".

14. Overview of Provisions relating to the Materialised Securities in Global Form

14.1 Initial Issue of Securities

Unless otherwise agreed upon between the Bank and the relevant Dealer(s) and specified in the applicable Issue Terms each Tranche of Bearer Securities having an original maturity of more than one year will initially be represented by a temporary Global Security and each Tranche of Bearer Securities having an original maturity of one year or less will initially be represented by a permanent Global Security, in each case, in bearer form without Receipts, Coupons and Talons attached.

Global Securities representing Bearer Securities will be deposited on or prior to the issue date of the relevant Tranche with a Common Depositary for Clearstream, Luxembourg, and/or Euroclear (or any other Relevant Clearing System as set out in the Issue Terms) or be delivered outside a clearing system, as agreed between the Bank and the relevant Dealer(s).

Registered Securities which are held in Clearstream, Luxembourg and/or Euroclear (or any other Relevant Clearing System as set out in the Issue Terms) will be represented by a Global Registered Security registered in the name of nominees for Clearstream, Luxembourg and/or Euroclear (or any other Relevant Clearing System as set out in the Issue Terms) or a common nominee for both, as the case may be.

Upon the initial deposit of a Global Security representing Bearer Securities with the Common Depositary, or as the case may be, the appropriate depositary, or, in the case of Registered Securities, the initial registration in the name of nominees for Clearstream, Luxembourg and/or Euroclear, or a common nominee for both, or any other Relevant Clearing System as set out in the Issue Terms, and delivery of the applicable Global Registered Security to the appropriate depositaries, or a common depositary for Clearstream, Luxembourg and/or Euroclear (or such other Relevant Clearing System as set out in the Issue Terms (each an ("**Approved Intermediary**")), each subscriber will be credited with a notional amount of Securities equal to the notional amount thereof for which it has subscribed and paid. Any reference herein to Clearstream, Luxembourg and/or Euroclear shall be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system as specified in the applicable Issue Terms.

14.2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary as the holder of a Security represented by a Global Security must look solely to Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary for such person's share of each payment made by the Bank to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, and in relation to all other rights arising under the Global Securities, save as specifically otherwise provided in the relevant Global Security and subject to and in accordance with the respective rules and procedures of Clearstream, Luxembourg Euroclear or such Approved Intermediary. Such persons shall have no claim directly against the Bank in respect of payments due on the Securities for so long as the Securities are represented by such Global Security and such obligations of the Bank will be discharged by payment to

the bearer of such Global Security or the registered holder of the underlying Registered Securities, as the case may be, in respect of each amount so paid, save as specifically otherwise provided in the relevant Global Security.

By its acquisition of an interest in a Bail-inable Security, each holder or beneficial owner of an interest in a Bail-inable Security is deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg and any direct participant in such clearing system or other intermediary through which it holds the Bail-inable Security to take any and all necessary action, if required, to implement the Bail-in Conversion or any other action pursuant to the Bail-in Regime with respect to the Bail-inable Security, as may be imposed on it, without any further action or direction on the part of that Securityholder or beneficial owner or the Fiscal Agent or the Registrar (if applicable), except as required in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or the intermediary, as applicable.

14.3 Amendment to Conditions

The temporary Global Securities, the permanent Global Securities and Global Registered Securities (each a "**Global Security**") and the Agency Agreement contain provisions which apply to the Securities which they represent, some of which modify the effect of the Conditions set out in this document. The following is an overview of certain of those provisions:

14.4 Exchange

If the applicable Issue Terms specifies that a temporary Global Security is issued in compliance with the D Rules, such temporary Global Security will be exchangeable in whole or in part for interests in a permanent Global Security or, if so provided in a temporary Global Security, for definitive Bearer Securities (as described in the next paragraph) after the date falling not earlier than 40 days after the Issue Date of the Securities upon certification as to non-United States beneficial ownership, in the case of Bearer Securities or, if applicable, for individual Registered Securities free of charge to the holder promptly after the Issue Date in the case of Registered Securities. If the applicable Issue Terms or, in the case of the Exempt Securities, applicable Pricing Supplement specifies that a temporary Global Security is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, each such temporary Global Security will be exchangeable, free of charge to the holder on or after the Exchange Date for Securities in definitive form. Each permanent Global Security is exchangeable, free of charge to the holder in whole at the request of the holder, (i) if so provided in a permanent Global Security, (ii) if a permanent Global Security is held on behalf of Clearstream, Luxembourg and/or Euroclear or an Approved Intermediary and such clearing system is closed for business for a continuous period of at least 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) if an Event of Default has occurred and continues to occur in relation to the Securities represented thereby for definitive Bearer Securities or (in the case of Exchangeable Bearer Securities or Global Registered Securities) Registered Securities in definitive form by such holder giving notice to the Fiscal Agent, or by the Bank giving notice to the Fiscal Agent and the Securityholders of its intention to exchange (at the option, cost and expense of the Bank) such permanent Global Security for definitive Bearer Securities or (in the case of Exchangeable Bearer Securities or Global Registered Securities) individual Registered Securities, in each case on or after the Exchange Date specified in the notice.

The exchange of a permanent Global Security for definitive Bearer Securities at the request of a holder shall not be expressed to be applicable in the applicable Issue Terms if the Securities are issued with a minimum Specified Denomination of at least EUR 1,000 (or equivalent) plus one or more higher integral multiples of another smaller amount in the relevant currency. Furthermore, such Specified Denominations construction is not permitted in relation to any issue of Securities which is to be represented by an issue by a Temporary Global Security exchangeable for definitive Bearer Securities.

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Bank will (i) in the case of a temporary Global Security exchangeable for a permanent Global Security, deliver, or procure the delivery of, a permanent Global

Security in an aggregate notional amount equal to that of the whole or that part of a temporary Global Security that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Security to reflect such exchange or (ii) in the case of a Global Security exchangeable for Definitive Securities or individual Registered Securities, deliver, or procure the delivery of, an equal aggregate notional amount of duly executed and authenticated Definitive Securities and/or individual Registered Securities, as the case may be. In this Base Prospectus, "**Definitive Securities**" means, in relation to any Global Security, the definitive Bearer Securities for which such Global Security may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Security and a Talon). Definitive Securities will be security printed and individual Registered Securities will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the relevant Schedules to the Agency Agreement. On exchange in full of each permanent Global Security, the Bank will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Securities or individual Registered Securities (as the case may be).

Securities which are represented by a Global Security will be transferable only in accordance with the then current rules and procedures of Clearstream, Luxembourg and/or Euroclear or Approved Intermediary or any other relevant clearing system, as the case may be.

"**Exchange Date**" means in relation to a temporary Global Security, the day falling not earlier than 40 days after its issue date and in relation to a permanent Global Security, a day falling not less than 60 days, or in the case of an exchange for individual Registered Securities five days or in the case of an Event of Default 30 days after that on which the notice requiring exchange is given and on which commercial banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of an exchange pursuant to (ii) above, in the cities in which the Relevant Clearing System is located.

14.5 **Payment**

No payment falling due more than 40 days after the Issue Date will be made on a temporary Global Security unless exchange for an interest in a permanent Global Security or for definitive Bearer Securities or individual Registered Securities is improperly withheld or refused. Payments on any temporary Global Security during the period up to 40 days after its Issue Date will only be made against presentation of certification as to non-United States beneficial ownership. All payments in respect of Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment is to be made in respect of the Securities, surrender of that Global Security to or to the order of the Fiscal Agent, the Registrar or such other Paying Agent as shall have been notified to the Securityholders for such purpose. In respect of Global Securities, a record of each payment so made will be endorsed in the appropriate schedule to each Global Security, which endorsement will be prima facie evidence that such payment has been made in respect of the Securities. Global Securities do not have any Coupons attached.

All payments on Global Registered Securities will be paid to the person shown on the register maintained by the Registrar at the close of the business day (in Clearstream, Luxembourg and/or Euroclear) prior to the due date for payment thereof (the "**Record Date**").

14.6 **Notices**

So long as any Series of Materialised Securities are represented by a Global Security and such Global Security is held on behalf of a clearing system, notices to Securityholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required above and such notice shall be deemed to be delivered to Securityholders on the date of delivery to the relevant clearing system except that so long as the Securities are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange, or listed on the ISM or another stock exchange or admitted to listing by any other relevant authority, the

requirements of the relevant stock exchange or authority with respect to publication of notices and notification to Securityholders have been complied with.

14.7 **Purchase and Cancellation**

Cancellation of any Security surrendered for cancellation following its purchase will be effected by reduction in the Notional Amount of the relevant Global Security.

14.8 **Default**

Each Global Security provides that the holder may cause such Global Security, or a portion of it, or one or more Registered Securities represented by such Global Security to become due and repayable in the circumstances described in, and as limited by the restrictions set forth in, General Condition 8 (*Events of Default*) by stating in the notice to the Fiscal Agent or Registrar, as the case may be, the Notional Amount of such Global Security or Registered Securities which is becoming due and repayable. Following the giving of a notice of an Event of Default by or through a Common Depositary the persons entitled to such portion as accountholders with a clearing system will acquire direct enforcement rights against the Bank under the terms of the relevant Global Security, as the case may be.

14.9 **Bank's Option**

No drawing of Securities will be required under General Condition 4 (*Redemption, Purchase and Options*) in the event that the Bank exercises any option relating to those Securities while all such Securities which are outstanding are represented by a Global Security. In the event that any option of the Bank is exercised in respect to some but not all of the Securities of any Series, the rights of accountholders with Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary in respect of the Securities will be governed by the standard procedures of Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary.

14.10 **Securityholders' Option**

Any Securityholders' option may be exercised by the holder of a Global Security giving notice (whether electronically or otherwise) to the Relevant Dealer of the notional amount of Securities in respect of which the option is exercised and presenting such Global Security for endorsement of exercise within the time limits specified in the Conditions.

14.11 **Written Resolution and Electronic Consent**

While any Security is held on behalf of a clearing system, then:

- (i) **Electronic Consent.** Where the terms of the resolution proposed by the Issuer have been notified to the Securityholders through the Relevant Clearing System(s), the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the Relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding ("**Electronic Consent**") by close of business on the date by which such electronic consents must be received in order for them to be validly given.
- (ii) **Written Resolution:** Where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Fiscal Agent, as the case may be, (a) by accountholders in the clearing system(s) with entitlements to such Security (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held.

"**Clearstream Luxembourg**" refers to Clearstream Banking S.A., Luxembourg.

"**Euroclear**" refers to Euroclear Bank SA/NV.

TERMS AND CONDITIONS OF THE SECURITIES

The terms and conditions of any particular issuance of Securities will be composed of:

- (a) General Conditions: the General Conditions as set out in the section of this Base Prospectus entitled "General Conditions" below;
- (b) Payout Conditions for Structured Securities: the economic or "payout" conditions of the Structured Securities as set out in the section of this Base Prospectus entitled "Payout Conditions for Structured Securities" below, and which are specified to be applicable in the Issue Terms;
- (c) Payout Conditions for Credit Linked Notes: the economic or "payout" conditions of the Credit Linked Notes as set out in the section of this Base Prospectus entitled "Payout Conditions for Credit Linked Notes" below, and which are specified to be applicable in the Issue Terms;
- (d) Underlying Specific Conditions: in respect of the Underlying(s) or Currency Exchange Rate(s) which the Securities are linked to, the terms and conditions relating to such Underlying(s) or Currency Exchange Rate(s) as set out in the section of this Base Prospectus entitled "Underlying Specific Conditions" below, and which are specified to be applicable in the Issue Terms; and
- (e) Issue Terms: the issue specific details relating to such Securities as set forth in a separate Issue Terms.

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GENERAL CONDITIONS

The following is the text of the general terms and conditions (the "**General Conditions**") which, together with the applicable Payout Conditions and the relevant Underlying Specific Conditions, as completed by the applicable Final Terms or completed, supplemented, amended and/or replaced by the applicable Pricing Supplement, will be applicable to the Securities and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on Securities in definitive form (if any). Details of the relevant Tranche will be set out in the applicable Final Terms or Pricing Supplement (together the "**Issue Terms**") and, in the case of the issue of Materialised Securities (as defined below) in definitive form, endorsed on, or attached to, the definitive form of such Security. References in the General Conditions to "Securities" are to the Securities of one Series only, not to all Securities which may be issued under the Programme. Capitalised terms not defined in the General Conditions but which are defined in the applicable Issue Terms will have the meanings given to them in such Issue Terms and "**herein**" or "**hereof**" when used in the General Conditions shall include a reference to such Issue Terms where appropriate.

The Securities issued under this programme (the "**Programme**") are issued in Series (each, a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Securities.

The Securities are issued pursuant to an Agency Agreement dated on or about 18 June 2025 governed by the laws of Ontario and the applicable federal laws of Canada (except for those provisions in respect to Securities governed by English law or French law which are respectively governed by English law and French law) and entered into between the National Bank of Canada acting through its Montréal Branch (the "**Bank**" or the "**Issuer**"), Citibank Europe plc, as Fiscal Agent, Registrar, Paying Agent and Transfer Agent, and National Bank of Canada as Calculation Agent (as amended, supplemented or restated from time to time, the "**Agency Agreement**"). Under the Agency Agreement, Citibank Europe plc will act in its capacities as:

- fiscal, issuing and paying agent (the "**Fiscal Agent**", which expression shall include any successor to Citibank Europe plc in its capacity as such),
- registrar (the "**Registrar**", which expression shall include any successor to Citibank Europe plc in its capacity as such and any additional registrars appointed in accordance with the Agency Agreement either with respect of the Programme or with respect to a particular Series),
- paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Securities from time to time appointed, the "**Paying Agents**") and
- transfer agent (together with any additional or other transfer agents in respect of the Securities from time to time appointed, the "**Transfer Agents**").

The initial calculation agent will be the Bank (the "**Calculation Agent(s)**") or such other entity as may be specified in the applicable Issue Terms.

The Securityholders (as defined in General Condition 1 (*Form, Denomination and Title of the Securities*)), the holders of the interest coupons (the "**Coupons**") appertaining to interest bearing Securities in bearer form and, where applicable in the case of such Securities, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the instalment receipts (the "**Receipts**") appertaining to the payment of principal by instalments are deemed to have notice of and are bound by all of the provisions of the Agency Agreement applicable to them.

Where Securities are governed by English law:

The Securityholders, the Couponholders and the relevant holders of Receipts are entitled to the benefit of the Deed of Covenant dated on or about 18 June 2025 (as amended, supplemented, restated or replaced from time to time, the "**Deed of Covenant**") executed by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent. All persons from time to time entitled to the benefit of obligations under any Securities governed

by English law shall also be deemed to have notice of, and shall be bound by, all of the provisions of the Deed of Covenant insofar as they relate to the relevant Securities.

Where Securities are governed by French law:

The Securityholders are entitled to the benefit of the provisions of the French Agency Agreement. All persons from time to time entitled to the benefit of obligations under any Securities governed by French law shall also be deemed to have notice of, and shall be bound by, all of the provisions of the French Agency Agreement insofar as they relate to the relevant Securities.

The final terms of the Securities (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed hereon which completes these General Conditions or, if the Securities are 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 Regulation (EU) 2017/1129, as amended or superseded, (the "**Exempt Securities**"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed hereon which supplements these General Conditions and which shall, to the extent so specified to the extent inconsistent with the General Conditions, replace or modify the General Conditions for the purposes of the Securities. References to the "**applicable Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provision thereof) attached to or endorsed on the Securities. References to the "**applicable Pricing Supplement**" are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provision thereof) attached to or endorsed on the Securities and any references in the General Conditions to "**applicable Final Terms**" shall be deemed to include a reference to the applicable Pricing Supplement where relevant.

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

1. Form, Denomination and Title of the Securities

The Securities may be issued on the issue date (the "**Issue Date**") either in:

- (i) materialised form with respect to Securities governed by either the laws of Ontario and the federal laws of Canada or English law (the "**Materialised Securities**"), or
- (ii) dematerialised form with respect to Securities governed by French law (the "**Dematerialised Securities**"),

as specified in the relevant Issue Terms.

Securities will be issued specifying the notional amount per Security (the "**Notional Amount**"), the specified denomination(s) (the "**Specified Denomination(s)**") and the aggregate notional amount of the Series (the "**Aggregate Notional Amount**"), each as specified in the relevant Issue Terms.

The price of the Securities may be quoted either as an amount in the Specified Currency per unit of the Security (unit quotation) or as a percentage of the Notional Amount (percentage quotation). In case of a unit quotation, references to Specified Denomination are not applicable and, to the extent required, shall be replaced by references to Notional Amount.

In these Conditions, "**Securityholder**" means:

- (a) in the case of Materialised Securities, the bearer of any Bearer Security or the person in whose name a Registered Security is registered. In addition, "**holder**" (in relation to a Security, Receipt, Coupon or Talon) has the corresponding meaning and capitalised terms have the meanings given to them herein, the absence of any such meaning indicating that such term is not applicable to the Securities; and

- (b) in the case of Dematerialised Securities, the individual or entity whose name appears in the account of the relevant Account Holder (as defined below), the Issuer or the Registrar (as the case may be) as being entitled to such Securities.

1.1 Form and Title of Materialised Securities

Where Securities are governed by (i) the laws of Ontario and the federal laws of Canada or (ii) English law:

The Securities will be issued as Materialised Securities. The Materialised Securities are issued in the form specified in the applicable Issue Terms. Materialised Securities issued in bearer form are referred to herein as "**Bearer Securities**", which expression includes Materialised Securities which are specified to be Exchangeable Bearer Securities. Materialised Securities issued in registered form are referred to herein as "**Registered Securities**". Materialised Securities issued in bearer form exchangeable for Registered Securities are referred to herein as "**Exchangeable Bearer Securities**". Bearer Securities in definitive form will be serially numbered, in the Specified Currency and in the Specified Denomination(s).

Definitive Bearer Securities are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Securities which do not bear interest in which case references to interest (other than in relation to interest due after the Redemption Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Security the Specified Denomination of which is redeemable in instalments ("**Instalment Securities**") is issued with one or more Receipts attached.

Registered Securities in definitive form are represented by one or more Securities registered in the name of the recorded holder of such Security. Registered Securities in definitive form shall be issued in the lowest Specified Denomination, if any, or an integral multiple thereof.

Title to the Bearer Securities and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Securities shall pass by due endorsement. The Bank shall procure that the Registrar keeps a register or registers in which shall be entered the names and addresses of the holders of Registered Securities and particulars of the Registered Securities held by them. Such registration shall be noted on the Registered Securities by the Registrar. References herein to "**holders**" of Registered Securities are to the persons in whose names such Registered Securities are so registered in the relevant register and "**Securityholder**" has the corresponding meaning. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Security, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Security, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Security, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

1.2 Form and Title of Dematerialised Securities

Where Securities are governed by French law:

The Securities are issued as Dematerialised Securities. Title to Dematerialised Securities will be evidenced in accordance with Articles L 211-3 *et seq.* and Articles R. 211-1 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French Monetary and Financial Code (*Code monétaire et financier*)) will be issued in respect of the Dematerialised Securities.

Dematerialised Securities are issued, at the option of the Issuer, in either (i) bearer form (*au porteur*), which will be inscribed in the books of Euroclear France S.A. (acting as central depositary) which shall credit the accounts of the relevant Account Holders, or (ii) in registered form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Securities or in fully registered form (*au nominatif pur*) inscribed in an account maintained by the Issuer or the Registrar (designated in the Issue Terms) acting on behalf of the Issuer.

Unless this possibility is expressly excluded in the relevant Issue Terms and to the extent permitted by applicable law, the Issuer may at any time request from the central depository identification information of holders of Dematerialised Securities in bearer form (*au porteur*) such as the name or the company name, nationality, date of birth or year of incorporation and mail address or, as the case may be, email address of such holders.

For the purpose of these Conditions, "**Account Holder**" means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France S.A., and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

2. Exchange of Exchangeable Bearer Securities and Transfers of Registered Securities for Materialised Securities

Where Securities are governed by (i) the laws of Ontario and the federal laws of Canada or (ii) English law:

2.1 Exchange of Exchangeable Bearer Securities

Subject as provided in General Condition 2.5 (*Closed Periods*), Exchangeable Bearer Securities may be exchanged for the same aggregate notional amount of Registered Securities at the request in writing of the relevant Securityholder and upon surrender of each Exchangeable Bearer Security to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Security is surrendered for exchange after the Record Date (as defined in General Condition 5.2 (*Registered Securities*)) for any payment of interest or Instalment Amount, the Coupon in respect of that payment of interest or Receipt in respect of that Instalment Amount need not be surrendered with it.

Registered Securities may not be exchanged for Bearer Securities. Bearer Securities of one Specified Denomination may not be exchanged for Bearer Securities of another Specified Denomination. Bearer Securities which are not Exchangeable Bearer Securities may not be exchanged for Registered Securities.

2.2 Transfer of Registered Securities

Subject as provided in General Condition 2.5 (*Closed Periods*), one or more Registered Securities may upon the terms and subject to the conditions set forth in the Agency Agreement and as required by law be transferred upon the surrender of such Registered Securities to be transferred, together with the form of transfer endorsed on such Registered Security duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Securities, a new Registered Security in respect of the balance not transferred will be issued to the transferor.

2.3 Delivery of New Registered Securities

Each new Registered Security to be issued upon exchange of Exchangeable Bearer Securities or transfer of Registered Securities will, within three business days (being a day, other than a Saturday or Sunday, on which commercial banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Registered Security to such address as may be specified in such request for exchange or form of transfer.

2.4 Exchange Free of Charge

Exchange of Securities on registration or transfer will be effected without charge by or on behalf of the Bank, the Registrar or the Transfer Agents, but on payment (or the giving of such indemnity as the Registrar or the

relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

2.5 Closed Periods

No Securityholder may require the transfer of a Registered Security to be registered or an Exchangeable Bearer Security to be exchanged for a Registered Security (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Security, (ii) during the period of 15 days prior to any date on which Securities may be redeemed by the Bank at its option pursuant to General Condition 4.8 (*Cancellation*) or (iii) after any such Security has been drawn for redemption in whole or in part. An Exchangeable Bearer Security called for redemption may, however, be exchanged for a Registered Security in respect of which such Registered Security is simultaneously surrendered not later than the relevant Record Date.

3. Status of the Securities

3.1 The Securities

The Securities and, where applicable, the Receipts, the Coupons and Talons relating to them are unsubordinated and unsecured and will constitute deposit liabilities of the Bank for purposes of the *Bank Act* (Canada) and will rank *pari passu* with all other unsubordinated and unsecured obligations of the Bank including deposit liabilities (except as otherwise prescribed by law and subject to the exercise of bank resolution powers), and without any preference amongst themselves. The deposits to be evidenced by Securities will be issued by the main branch of the Bank in Montréal, Québec, Canada.

The Securities will not be deposits insured under the Canada Deposit Insurance Corporation Act (the "**CDIC Act**").

3.2 Bail-inable Securities

This General Condition 3.2 will apply in respect of all Securities issued by the Bank that are identified as Bail-inable Securities in the applicable Issue Terms ("**Bail-inable Securities**"). All Securities that (i) have an original or amended term to maturity (including explicit or embedded options) greater than 400 days and that have been assigned a CUSIP or ISIN or similar identification number and (ii) are not otherwise excluded (e.g. structured securities (as such term is used under the Canadian bank recapitalisation regime for banks designated by the Superintendent of Financial Institutions (Canada) (the "**Superintendent**") as domestic systemically important banks (the "**Bail-in Regime**")) under the Bail-in Regime, will be identified as Bail-inable Securities in the applicable Issue Terms. Securities that constitute structured securities (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime will not be identified as Bail-inable Securities in the applicable Issue Terms.

By its acquisition of an interest in Bail-inable Securities, each Securityholder (which, for the purposes of this General Condition 3.2, includes each holder of a beneficial interest in such Bail-inable Securities) is deemed to:

- (a) agree to be bound, in respect of such Bail-inable Securities, by the CDIC Act, including the conversion of the Bail-inable Securities, in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Bail-inable Securities in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to such Bail-inable Securities (a "**Bail-in Conversion**");
- (b) attorn to the jurisdiction of the courts in the Province of Ontario with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Securities;

- (c) have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Securityholder of the Bail-inable Securities for the express purpose of investing in Bail-inable Securities; and
- (d) acknowledge and agree that the terms referred to in paragraphs (a) and (b), above, are binding on such Securityholder despite any provisions in these Conditions, any other law that governs the Bail-inable Securities and any other agreement, arrangement or understanding between such Securityholder and the Bank with respect to such Bail-inable Securities.

The applicable Issue Terms will indicate whether Securities are Bail-inable Securities. All Bail-inable Securities will be subject to Bail-in Conversion.

Securityholders and beneficial owners of a Bail-inable Security will have no further rights in respect of a Bail-inable Security to the extent such Bail-inable Security is converted in a Bail-in Conversion, other than those provided under the Bail-in Regime, and by its acquisition of an interest in the Bail-inable Security, each Securityholder or beneficial owner of the Bail-inable Security is deemed to irrevocably consent to the converted portion of the principal amount of the Bail-inable Security and any accrued and unpaid interest thereon being deemed paid in full by the issuance of common shares of the Bank (or, if applicable, any of its affiliates) upon the occurrence of a Bail-in Conversion, which Bail-in Conversion shall occur without any further action on the part of that Securityholder or beneficial owner or the Paying Agents; provided that, for the avoidance of doubt, this consent shall not limit or otherwise affect any rights of that Securityholder or beneficial owner provided for under the Bail-in Regime.

Each Securityholder or beneficial owner of the Bail-inable Securities that acquires an interest in the Bail-inable Securities in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such Securityholder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified herein to the same extent as the Securityholders or beneficial owners that acquire an interest in the Bail-inable Securities upon their initial issuance, including, without limitation, with respect to the terms of the Bail-inable Securities related to the Bail-in Regime.

4. Redemption, Purchase and Options

4.1 Final Redemption and Delivery

Unless previously redeemed or purchased and cancelled, and unless, with respect to Materialised Securities only, Physical Delivery is specified as the Settlement Method in the Issue Terms, each Security will be redeemed in cash at the amounts and dates specified in the applicable Payout Conditions.

The Physical Delivery provisions set out below do not apply to Dematerialised Securities.

Where Physical Delivery is specified as the Settlement Method in the Issue Terms, each Security (other than a Credit Linked Note) will be redeemed by delivery of the Physical Delivery Amount in accordance with the following provisions:

(a) *Delivery of Physical Delivery Amounts*

The following provisions apply to the delivery of all Physical Delivery Amounts:

- (i) The Issuer shall, subject to this General Condition 4 (*Redemption, Purchase and Options*), on any Delivery Date specified in the applicable Payout Conditions, deliver (or procure delivery on its behalf) the relevant Physical Delivery Amount in respect of each Security to such account in respect of Securities which are cleared at a Clearing System in accordance with the relevant rules of such Clearing System. The Issuer and the relevant Clearing System shall determine whether any relevant instructions received by it are sufficient and whether they have been received in time to enable delivery on any given date.

- (ii) The Issuer (or such person (including any of its affiliates or the Paying Agent) as it may procure to make the relevant delivery on its behalf) shall not be responsible for any delay or failure in the delivery of any Physical Delivery Amount once such steps have been carried out, whether resulting from settlement periods of the Clearing Systems, acts or omissions of registrars or otherwise and the Issuer (or such person (including any of its affiliates or the Paying Agent) as it may procure to make the relevant delivery on its behalf) shall have no responsibility for the lawfulness of the acquisition or transfer of the Physical Delivery Amount or any interest therein by any Securityholder or any other person.
- (iii) No Securityholder will be entitled to receive dividends declared or paid in respect of any Underlying or to any other rights relating to or arising out of any such component of the Physical Delivery Amount if the record date for the relevant dividend or relevant right in respect of such components and Physical Delivery Amount falls before the relevant Delivery Date.
- (iv) The Issuer will endeavour to deliver (or procure delivery on its behalf) the relevant Physical Delivery Amount to the Securityholder on the relevant Delivery Date. In the event that a Securityholder requests that delivery of the Physical Delivery Amount be made at a location or in a method that is different from that specified in the Conditions, the Issuer may (but is not obliged to) seek to deliver the Physical Delivery Amount to such location and/or by such method, provided that no additional unreimbursed costs are incurred. The Issuer shall, subject as provided below, on the relevant Delivery Date, deliver (or procure delivery on its behalf) the Transfer Documentation relating to the Physical Delivery Amount (or, in the case of an Underlying that is an equity unit, the Transfer Documentation in respect of such equity unit) to or to the order of the Securityholder.
- (v) All Physical Delivery Amounts will be delivered at the risk of the relevant Securityholder.

(b) *Settlement Disruption Event*

If delivery of a Physical Delivery Amount or any portion thereof is (or is likely to become) impossible or impracticable by reason of a Settlement Disruption Event having occurred and continuing on the relevant Delivery Date (the assets constituting such Physical Delivery Amount or portions thereof (the "**Affected Assets**")), then such Delivery Date shall be postponed to the first following Relevant Settlement Day in respect of which there is no such Settlement Disruption Event, provided that:

- (i) the Issuer shall attempt to deliver (or procure delivery on its behalf) any portion of the Physical Delivery Amount which does not comprise Affected Assets on the originally designated Delivery Date;
- (ii) the Issuer may elect to satisfy its obligations in respect of the relevant Security by delivering (or procuring delivery on its behalf) some or all of the Affected Assets in such manner as it may determine and in such event the relevant Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Physical Delivery Amount using such other commercially reasonable procedures to produce commercially reasonable results; and
- (iii) in respect of any Affected Assets, in lieu of settlement by delivery of the Physical Delivery Amount and notwithstanding any other provision hereof, the Issuer may elect to satisfy its obligations in respect of the relevant Security by payment by the Issuer (or any person (including any of its affiliates or the Paying Agent) as it may procure to make the relevant payment on its behalf) to the relevant Securityholder of the Settlement Disruption Amount on the Settlement Disruption Date.

The Calculation Agent shall give notice as soon as practicable to the Securityholders that a Settlement Disruption Event has occurred and payment of the Settlement Disruption Amount will be made in such manner as shall be notified. No Securityholder shall be entitled to any additional amount in the event of any delay in the delivery of the Physical Delivery Amount or payment of the Settlement Disruption

Amount due to the occurrence of a Settlement Disruption Event. No liability in respect thereof shall attach to the Issuer, any person (including any of its affiliates or the Paying Agent) as it may procure to make the relevant delivery on its behalf, and/or the Calculation Agent.

(c) *Liability*

Redemption of the Securities, payments by the Issuer (or such person (including any of its affiliates) as it may procure to make the relevant payments on its behalf) and the Paying Agent and any delivery of a Physical Delivery Amount, in whole or in part, by or on behalf of the Issuer and/or the Paying Agent will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at such time (including, without limitation, any relevant exchange control laws or regulations and the relevant rules of the relevant Clearing System) and none of the Issuer, any of its affiliates, the relevant Clearing System or the Paying Agent shall incur any liability whatsoever if it is unable to effect any payments or deliveries contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. None of the Issuer, any of its Affiliates or the Paying Agent shall under any circumstances be liable for any acts or defaults of the relevant Clearing System in the performance of their respective duties in relation to the Securities or, in relation to the delivery of the Physical Delivery Amount, the acts or defaults of any relevant Exchange (as defined in the relevant Underlying Specific Conditions).

(d) *Reference Asset Transfer Notice*

(i) *General*

If the relevant Issue Terms specify "Reference Asset Transfer Notice" to be applicable, in order to obtain delivery of the Physical Delivery Amount(s) in respect of the Securities, the relevant Securityholder must deliver, not later than the close of business in each place of receipt on the relevant Physical Settlement Cut-off Date, (i) if the Securities are represented by a Global Security, a positive confirmation to the relevant Clearing System that it makes all of the required certifications, representations, undertakings and authorisations, together with the provision of the required specifications, in the Reference Asset Transfer Notice (any such confirmation will be made in electronic form or in such other manner as is acceptable to the relevant Clearing System), or (ii) if the Securities are in definitive form, a duly completed Reference Asset Transfer Notice to the Paying Agent, in each case with a copy to each of the Issuer and the Delivery Agent.

A Reference Asset Transfer Notice (or, where the Securities are represented by a Global Security, the required certifications, representations, undertakings and authorisations, together with the provision of the required specifications, in the Reference Asset Transfer Notice) may only be delivered (i) if the Securities are represented by a Global Security, in electronic form or in such other manner as is acceptable to the relevant Clearing System, or (ii) if the Securities are in definitive form, in writing or in such other manner as is acceptable to the Paying Agent, Delivery Agent and the Issuer.

(ii) *Verification of details in a Reference Asset Transfer Notice*

Upon receipt of a Reference Asset Transfer Notice, in the case of (i) Securities represented by a Global Security, the relevant Clearing System or (ii) Securities in definitive form, the Paying Agent, shall verify that the person specified therein as the Securityholder is the holder of the specified number of Securities according to its books.

(iii) *No Withdrawal of Reference Asset Transfer Notice*

No Reference Asset Transfer Notice may be withdrawn after (i) in the case of Global Securities, receipt thereof by the relevant Clearing System or (ii) in the case of Securities in definitive form, receipt thereof by the Issuer, the Delivery Agent and the Paying Agent. After delivery of a Reference Asset Transfer Notice, the relevant Securityholder may not transfer the Securities which are the subject of such notice.

(iv) Failure to complete a Reference Asset Transfer Notice properly

Failure to complete and deliver a Reference Asset Transfer Notice properly may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these General Conditions shall be made (i) in the case of Securities represented by a Global Security, by the relevant Clearing System, after consultation with the Delivery Agent and the Paying Agent, and shall be conclusive and binding on the Issuer and the relevant Securityholder and (ii) in the case of Securities in definitive form, by the Delivery Agent and the Paying Agent, and shall be conclusive and binding on the Issuer and the relevant Securityholder. The Issuer may determine whether to waive the requirement to deliver a properly completed Reference Asset Transfer Notice prior to the Physical Settlement Cut-off Date in order for such Securityholder to receive the any amount payable by obtaining delivery of the Physical Delivery Amount in respect of such Securities and shall give notice of such waiver to the relevant Clearing System (if applicable), and to the Delivery Agent and the Paying Agent.

(v) Failure to provide the certifications in a Reference Asset Transfer Notice

If the relevant Issue terms specify "Equity Certification" and "Non-U.S. Certification" or, as the case may be, an "Eligible Investor Certification" to be applicable (in each case in the form set out in the Reference Asset Transfer Notice), and the relevant Securityholder has not provided the certifications as so required by the relevant Physical Settlement Cut-off Date, the Issuer may, instead of delivering, or having delivered on its behalf, the Physical Delivery Amount, satisfy its obligations in respect of the relevant Security by payment to the relevant Securityholder of a cash amount, calculated by the Calculation Agent to represent the fair market value, as determined by the Issuer, of the Deliverable Underlyings comprising such Physical Delivery Amount on such day as shall be selected by the Issuer and adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any relevant Share or other instruments or assets of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements).

(e) *Variation of Settlement*

(i) If the applicable Issue Terms indicate that the Issuer has an option to vary settlement in respect of the Securities, the Issuer may in respect of each such Security, elect not to pay the relevant Securityholders the applicable redemption amount or to deliver or procure delivery of the Physical Delivery Amount to the relevant Securityholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Physical Delivery Amount or make payment of the redemption amount on the Redemption Date to the relevant Securityholders, as the case may be. Notification of such election will be given to Securityholders in accordance with Condition.

(ii) If specified in the applicable Issue Terms, the Issuer shall, in respect of each Note, in lieu of delivering or procuring the delivery of the Physical Delivery Amount to the relevant Securityholders, make payment of the applicable redemption amount on the Redemption Date to the relevant Securityholders.

(f) *Definitions*

As used in this General Condition 4.1,

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

"delivery" means, in relation to any Physical Delivery Amount, the carrying out of the steps required of the Issuer (or such person (including any of its affiliates or the Paying Agent) as it may procure to make the

relevant delivery on its behalf) in order to effect the transfer of the relevant Physical Delivery Amount and "**deliver**", "**delivered**" and "**deliverable**" shall be construed accordingly.

"**Delivery Agent**" means any agent appointed by the Issuer to undertake deliveries of Physical Delivery Amounts on its behalf.

"**Delivery Date**" has the meaning given to such term in the Payout Conditions.

"**Delivery Expenses**" means all expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties that arise from the delivery and/or transfer of any Physical Delivery Amount(s).

"**Physical Delivery Amount**" has the meaning given to such term in the Payout Conditions.

"**Physical Settlement Cut-off Date**" means the relevant date specified in the applicable Issue Terms (or if that day is not a Clearing System Business Day, the next following Clearing System Business Day).

"**Reference Asset Transfer Notice**" means a notice, substantially in the form set out in the Agency Agreement (and which may be obtained during normal business hours from the specified office of the Paying Agent), which shall:

- (a) specify the name and address of the relevant Securityholder, any account details required for delivery and the person from whom the Issuer may obtain details for the delivery of Physical Delivery Amount if such delivery is to be made otherwise than in the manner specified in the General Conditions;
- (b) in the case of Securities represented by a Global Security, specify the nominal or notional amount of Securities which are the subject of such notice and the number of the Securityholder's account at the relevant Clearing System (if applicable), to be debited with such Securities and irrevocably instruct and authorise any relevant Clearing System (if applicable), to debit the relevant Securityholder's account with such Securities on the relevant Interest Payment Date, Coupon Payment Date and/or the Delivery Date, the Redemption Date or other payment date, as the case may be;
- (c) include an undertaking to pay all Delivery Expenses and, in the case of Securities represented by a Global Security, an authority to debit a specified account of the Securityholder at the relevant Clearing System (if applicable), in respect thereof and to pay such Delivery Expenses; and
- (d) authorise the production of such notice in any applicable administrative or legal proceedings.

"**Relevant Settlement Day**" means (i) a Business Day and (ii) an Exchange Business Day, Currency Exchange Rate Business Day or Fund Business Day, as applicable (as defined in the relevant Underlying Specific Conditions).

"**Settlement Disruption Amount**" means, in respect of each Security, an amount in the Specified Currency equal to the *pro rata* proportion of the market value of such Security on or about the Settlement Disruption Date (which shall take into account where some but not all of the Deliverable Underlyings comprising the Physical Delivery Amount have been duly delivered pursuant to this General Condition 4.1 and the value of such Underlyings). Such amount shall be determined by reference to such factors as the Calculation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for the Underlying(s) and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining life of the Securities had they remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (c) the value at the relevant time of any minimum redemption which would have been applicable had the Securities remained outstanding to scheduled maturity and/or any scheduled early redemption date;

- (d) internal pricing models; and
- (e) prices at which other market participants might bid for securities similar to the Securities,

provided that, if the Issue Terms specifies 'Unwind Costs' to be 'Not Applicable', the Calculation Agent shall not take into account deductions for any costs, charges, fees, accruals, losses, withholdings and expenses, which are incurred by the Issuer or its affiliates relating to the unwinding of any hedge positions and/or related funding arrangements, when determining such market value.

"Settlement Disruption Date" means the fifth Relevant Settlement Day following the date of the notice of the relevant election to pay the Settlement Disruption Amount or such other date as may be specified in the relevant notice, or as otherwise specified in the Issue Terms.

"Settlement Disruption Event" means an event beyond the control of the Issuer (including illiquidity in the market for the relevant Underlyings or any legal prohibition, or material restriction imposed by any law, order or regulation on the ability of the Issuer, to deliver the Underlyings) as a result of which, in the determination of the Calculation Agent (made acting in good faith and using commercially reasonable procedures to produce commercially reasonable results), delivery of the Underlyings by or on behalf of the Issuer, in accordance with these General Conditions and/or the applicable Issue Terms is illegal or is not practicable, or as a result of which the relevant Clearing System cannot clear the transfer of the relevant Underlyings.

"Transfer Documentation" means, for each Series, such documentation as is generally acceptable for settlement of the transfer of the relevant Underlying(s) on any Related Exchange or through the relevant Clearing System.

4.2 Early Redemption for Taxation Reasons

Where Early Redemption for Taxation Reasons is specified as being applicable in the applicable Issue Terms, the Securities may be redeemed at the option of the Bank in whole, but not in part, on any Interest Payment Date, Coupon Payment Date or at any time (in all other cases), on giving not less than 30 days nor more than 60 days' notice to the Securityholders in accordance with General Condition 12 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount (together with accrued interest to the date fixed for redemption if any) if (i) the Bank has or will become obliged to pay additional amounts as provided or referred to in General Condition 6 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Canada or any province thereof or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Bank 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 Bank would be obliged to pay such additional amounts were a payment in respect of the Securities then due and provided further that in respect of Bail-inable Securities, where the redemption would lead to a breach of the Bank's total loss absorbing capacity ("**TLAC**") requirements such redemption will be subject to the prior approval of the Superintendent. Prior to the publication of any notice of redemption pursuant to this paragraph, the Bank shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank to so redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment.

4.3 Early Redemption for Illegality

Where Early Redemption for Illegality is specified as being applicable in the applicable Issue Terms, in the event that the Bank determines in good faith that the performance of the Bank's obligations under such Securities or any arrangement made to hedge the Bank's obligations under such Securities have 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 (each of which shall be an instance of "**Illegality**"), the Bank having given not less than the minimum period and not more than the maximum period

of notice specified in the applicable Issue Terms to Securityholders in accordance with General Condition 12 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Securities, each Security being redeemed at Early Redemption Amount (together with accrued interest to the date fixed for redemption if any). In respect of Bail-inable Securities, where the redemption would lead to a breach of the Bank's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

4.4 Early Redemption for a Disruption Event

Where Early Redemption for a Disruption Event is specified as being applicable in the applicable Issue Terms, in the event of a Disruption Event, the Bank having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Issue Terms to Securityholders in accordance with General Condition 12 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Securities, each Security being redeemed at the Early Redemption Amount (together with accrued interest to the date fixed for redemption if any). In respect of Bail-inable Securities, where the redemption would lead to a breach of the Bank's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

As used in this General Condition 4.4:

"Disruption Event" means a Hedging Disruption and/or, if so specified in the Issue Terms, an Increased Cost of Hedging.

"Hedging Disruption" means that the Hedging Entity 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 of the underlying reference rates, or other price risk of the Issuer issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Entity" means (a) the Issuer or (b) any affiliate or any entity (or entities) acting on behalf of the Issuer that is engaged in any underlying or hedging transactions related to the underlying or reference rates in respect of the Issuer's obligations under the Securities.

"Increased Cost of Hedging" means that the Hedging Entity 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 price risk of the relevant securities or other risk of the Issuer issuing and performing its obligations with respect to the Securities, 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 the Hedging Entity shall not be deemed an Increased Cost of Hedging.

"Trade Date" has the meaning given to it in the applicable Issue Terms.

4.5 Early Redemption for Special Circumstance

Where Early Redemption for Special Circumstance is specified as being applicable in the applicable Issue Terms, in the event of a Special Circumstance, the Bank having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Issue Terms to Securityholders in accordance with General Condition 12 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Securities, each Security being redeemed Early Redemption Amount (together with accrued interest to the date fixed for redemption if any). In respect of Bail-inable Securities, where the redemption would lead to a breach of the Bank's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

As used in this General Condition 4.5, unless otherwise provided for or supplemented in the Underlying Specific Conditions:

"Special Circumstance" means an event where, in the determination of the Issuer acting reasonably and in good faith, an amendment or a change is made to a taxation act or regulation, to taxation practices, policies or administration, to the interpretation of a taxation act or regulation or taxation practice, policy or administration; or an event occurs, now or in future, caused by circumstances beyond the control of the Issuer making it illegal or disadvantageous, from a legislative or regulatory point-of-view, or disadvantageous, from a financial point-of-view, for the Issuer to allow the Securities to remain outstanding.

For the avoidance of doubt, a **"Special Circumstance"** shall not include any event or circumstance covered by General Condition 4.2 (*Early Redemption for Taxation Reasons*) and General Condition 6 (*Taxation*), for which General Condition 4.2 and General Condition 6 shall continue to apply accordingly. In addition, further events or circumstances which shall not be considered a Special Circumstance may be specified in the Issue Terms.

4.6 Partial Redemption

Where Securities are governed by (i) the laws of Ontario and the federal laws of Canada or (ii) English law:

In the case of a partial redemption of, a holding of Registered Securities, a new Registered Security shall be issued to the holder in respect of the balance of the holding not redeemed. In the case of a partial redemption of the same holding having different terms, separate Registered Securities shall be issued in respect of those Securities of that holding that have the same terms. New Registered Securities shall only be issued against surrender of the existing Registered Securities to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Registered Security representing the enlarged holding shall only be issued against surrender of the Registered Security representing the existing holding.

Where Securities are governed by French law:

In the case of a partial redemption of Dematerialised Securities, the redemption shall be effected by reducing the notional amount of all such Dematerialised Securities in a Series in proportion to the aggregate notional amount redeemed.

4.7 Purchases

The Bank and any of its subsidiaries in the ordinary course of their dealing in securities may at any time purchase Securities (provided, where applicable, that all unmatured Receipts (if any) and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price provided that in respect of Bail-inable Securities where the purchase would lead to a breach of the Bank's TLAC requirements, such purchase will be subject to the prior approval of the Superintendent.

4.8 Cancellation

Where Securities are governed by (i) the laws of Ontario and the federal laws of Canada or (ii) English law:

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

Where Securities are governed by French law:

All Dematerialised Securities which have been subscribed or purchased by or on behalf of the Issuer may, at its sole option, be held or cancelled in accordance with applicable laws and regulations.

The cancellation of Dematerialised Securities will be made by transfer to an account in accordance with the rules and procedures of Euroclear France S.A. and if so transferred, shall be cancelled forthwith together with all rights relating to payment of interest and other amounts. Any Dematerialised Security so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Dematerialised Securities shall be discharged.

4.9 Payment in case of early redemption other than Zero Coupon Securities

In case of an early redemption, the Securities will be redeemed at their Early Redemption Amount.

The "**Early Redemption Amount**", unless another amount is specified in the applicable Issue Terms, shall be an amount in respect of each Notional Amount for each Security in the Specified Currency, determined by the Calculation Agent in good faith and on such basis as it, considers fair and reasonable in the circumstances, to be equal to the fair market value of such Security (in respect of such Notional Amount) following the event triggering the early redemption (including the value of accrued interest (if applicable)), plus or minus – unless specified as 'Not Applicable' in the Issue Terms, any related hedging gains or costs, respectively. Such amount shall be determined following the event giving rise to the early redemption of the Securities and by reference to such factors as the Calculation Agent considers to be appropriate including, without limitation:

- (a) market prices or values for the Underlying(s) and other relevant economic variables (such as interest rates and, if applicable, exchange rates) at the relevant time;
- (b) the remaining life of the Securities had they remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (c) the value at the relevant time of any minimum redemption which would have been applicable had the Securities remained outstanding to scheduled maturity and/or any scheduled early redemption date;
- (d) internal pricing models; and
- (e) prices at which other market participants might bid for securities similar to the Securities.

4.10 Redemption Irrevocable

A notice of redemption under this General Condition 4 (*Redemption, Purchase and Options*) shall be irrevocable provided that Bail-inable Securities continue to be subject to a Bail-in Conversion prior to their repayment in full.

5. Payments and Talons**5.1 Bearer Securities**

Payments of principal and interest in respect of Bearer Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Securities (in the case of payments of principal and, in the case of interest, as specified in General Condition 5.6(e)) or Coupons (in the case of interest, save as specified in General Condition 5.6(b)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; provided that in the case of euro, the transfer may be to, or the cheque drawn on, a euro account (or any other account to which euro may be credited or transferred). This provision does not apply to Dematerialised Securities.

5.2 Registered Securities

Payments of principal in respect of Registered Securities will be made against presentation and surrender of the relevant Registered Securities at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

Interest on Registered Securities will be paid to the person shown on the Register at the close of business (i) in the case of a Global Security, the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg or Euroclear France S.A., as applicable, are open for business) prior to the due date for payment thereof and (ii) in the case of a Definitive Security, on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Security will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Security at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in General Condition 5.1 (*Bearer Securities*), such payment of interest may be made by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency. This provision does not apply to Dematerialised Securities.

5.3 Payments in the United States

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

5.4 Payments subject to fiscal or other laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of General Condition 8 (*Events of Default*), (ii) the FATCA Withholding Tax Rules (as defined in General Condition 6 (*Taxation*)); and (iii) any withholding or deduction pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") ("**871(m) Withholding**"). In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the Securities, the Issuer or any withholding agent shall be entitled to withhold on any "**dividend equivalent**" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

5.5 Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent initially appointed by the Bank and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with any Securityholder or Couponholder. The Bank reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Bank will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Securities, (iii) a Transfer Agent in relation to Registered Securities, (iv) a Calculation Agent where the Conditions so require one, (v) a Paying Agent, and (vi) such other agents as may be required by the rules of any stock exchange on which the Securities may be listed or as may be agreed between the Bank and the relevant Dealer(s).

In addition, the Bank shall forthwith appoint a Paying Agent in New York City in respect of any Securities denominated in U.S. dollars in the circumstances described in General Condition 5.3 (*Payments in the United States*).

Notice of any such change or any change of any specified office will promptly be given to the Securityholders in accordance with General Condition 12 (*Notices*).

Unless otherwise specified, all determinations, considerations, decisions, elections and calculations in the Conditions shall be made by the Calculation Agent. In respect of each such determination, consideration, decision, election and calculation, this General Condition 5.5 shall apply.

All calculations and determinations made by the Calculation Agent in respect of the Securities shall be final and binding on the Issuer and Securityholders in the absence of manifest error.

No liability shall attach to the Calculation Agent for errors or omissions in respect of any calculation, determination or other exercise of discretion under the Conditions provided that, it has acted in accordance with this General Condition 5.5.

The calculation functions and other discretionary actions (including, but not limited to duties to make determinations) required of the Calculation Agent may be delegated to any such person as the Calculation Agent, in its reasonable discretion, may decide.

5.6 Unmatured Coupons and unexchanged Talons

- (a) Unless the Securities provide that the relative Coupons are to become void upon the due date for redemption of those Securities, Bearer Securities should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 3 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to General Condition 7 (*Prescription*)).
- (b) If the relative Securities so provide, upon the due date for redemption of any Bearer Security, unmaturing Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (c) Upon the due date for redemption of any Bearer Security, any unexchanged Talon relating to such Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (d) Where any Bearer Security which provides that the relative Coupons are to become void upon the due date for redemption of those Securities is presented for redemption without all unmaturing Coupons and any unexchanged Talon relating to it, and where any Bearer Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Bank may require.
- (e) If the due date for redemption of any Security is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Security or Registered Security representing it, as the case may be. Interest accrued on a Security which only bears interest after its Redemption Date shall be payable on redemption of such Security against presentation of the relevant Security or Registered Security representing it, as the case may be.

This provision does not apply to Dematerialised Securities.

5.7 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) but excluding any Coupons which may have become void pursuant to General Condition 7 (*Prescription*). This provision does not apply to Dematerialised Securities.

5.8 Non-business days

If any date for payment in respect of any Security, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation or payment, and in such jurisdictions as shall be specified as "**Financial Centre(s)**" in the Issue Terms and if T2 is specified as a Financial Centre, a T2 Business Day, and:

- (a) in the case of a payment in a Specified Currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such currency; or
- (b) in the case of a payment in euro, which is a T2 Business Day (as defined in the definition of "**Business Day**" in Payout Condition 1 (*General Definitions*)).

5.9 Specific provisions in relation to payments in respect of certain types of Securities

In the case of Securities that are Bearer Securities and provide for Instalment Amounts, payments of principal and interest will be made in the manner provided in General Conditions 5.1 (*Bearer Securities*), 5.2 (*Registered Securities*), 5.3 (*Payments in the United States*) and 5.4 (*Payments subject to fiscal or other laws*) against presentation and surrender of the relevant Receipt (in the case of Instalment Amounts other than on the due date for redemption and provided the relevant Receipt is presented for payment together with its relative Security), Exempt Securities (in the case of all other payments of principal and, in the case of Interest, as specified in paragraph (b) of General Condition 5.6 (*Unmatured Coupons and unexchanged Talons*) or Coupons (in the case of interest payments, save as specified in paragraph (b) of General Condition 5.6 (*Unmatured Coupons and unexchanged Talons*)). Upon the due date for redemption of any Bearer Security which is redeemable instalments, all Receipts relating to such Securities having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

In the case of Securities that are Registered Securities and which provide for Instalment Amounts, payments shall be made in accordance with General Condition 5.2 (*Registered Securities*) and 5.4 (*Payments subject to fiscal or other laws*) with all references to principal being deemed to include Instalment Amounts other than the final Instalment Amount and all references to interest being deemed to include all Instalment Amounts other than the final Instalment Amount.

5.10 Dematerialised Securities

Payments of principal and interest in respect of Dematerialised Securities shall

- (i) in the case of Dematerialised Securities in bearer dematerialised form or administered registered form, be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Securityholders and,
- (ii) in the case of Dematerialised Securities in fully registered form, to an account denominated in the relevant currency with a bank designated by the relevant Securityholder.

All payments validly made to such Account Holders or bank will be an effective discharge of the Issuer in respect of such payments.

General Conditions 5.3 (*Payments in the United States*), 5.4 (*Payments subject to fiscal or other laws*), 5.5 (*Appointment of Agents*), 5.8 (*Non-business days*) and 5.9 (*Specific provisions in relation to payments in respect of certain types of Securities*) also apply to Dematerialised Securities.

6. Taxation

All payments of principal and interest in respect of the Securities, the Receipts and the Coupons by or on behalf of the Bank will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, regulation or the administration thereof. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts received by the holders of such Securities, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest, if any, which would have been received in respect of the Securities, Receipts or Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Security, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security, Receipt or Coupon by reason of his having some connection with Canada or the country in which the issuing branch is located otherwise than by the mere holding of such Security, Receipt or Coupon;
- (b) to, or to a third party on behalf of, a holder in respect of whom such taxes, duties, assessments or governmental charges in respect of such Security, Receipt or Coupon are required to be withheld or deducted by reason of the holder being a person with whom the Bank or the payor is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada));
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day, assuming that day to have been a Business Day (as defined in General Condition 5.8 (*Non-business days*));
- (d) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security, Receipt or Coupon by reason of such holder being a person who is, or who does not deal at arm's length with any person who is, a "specified shareholder" (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of the Bank or the payor for the purposes of the thin capitalisation rules in the *Income Tax Act* (Canada);
- (e) to, or to a third party on behalf of, a holder who is, or does not deal at arm's length with any person who is, an entity in respect of which the Bank is a "specified entity" (as defined in subsection 18.4(1) of the *Income Tax Act* (Canada));
- (f) if such taxes, duties, assessments or governmental charges are on account of an estate, inheritance, gift, value added, goods and services, harmonised sales, sales, transfer, personal property or any other similar taxes, duties, assessments or governmental charges;
- (g) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Canada or the country in which the issuing branch is located of such holder, if (i) compliance is required by law or the administration thereof as a precondition to, exemption from, or reduction in the rate of, the tax, duty, assessment or other governmental charge and (ii) the Bank

has given holders at least 30 days' notice that holders will be required to provide such certification, identification, documentation or other reporting requirement;

- (h) for or on account of any withholding tax or deduction imposed or collected pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version), any current or future regulations thereunder or official interpretations thereof, any agreement described in Section 1471(b)(1) of the Code, any intergovernmental agreement entered into between the United States and any other country in connection with the implementation of the foregoing, and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement (the "**FATCA Withholding Tax Rules**"); or
- (i) for or on account of any withholding tax or deduction imposed or collected pursuant to Section 871(m) of the Code.

For the purposes of this General Condition 6, the term "**holder**" shall be deemed to include a reference to the beneficial owner(s) of a Security, Receipt or Coupon and the term "**person**" shall include a partnership. As used in these Conditions, "**Relevant Date**" in respect of any Security, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Securityholders in accordance with General Condition 12 (*Notices*) that, upon further presentation of the Security (or relative Registered Security), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Securities, all Instalment Amounts, Redemption Amounts, Early Redemption Amounts, Call Payments, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to General Condition 5 (*Payments and Talons*) as it may be supplemented from time to time, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to the Payout Conditions or any supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under this General Condition 6 (*Taxation*).

7. Prescription

Where Securities are governed by the laws of Ontario and the federal laws of Canada:

Claims against the Bank for payment in respect of the Securities, and related Receipts and Coupons shall be prescribed and become void unless made within two (2) years from the date on which such Securities, Receipts and Coupons first became redeemable or due and payable.

Where Securities are governed by English law:

Claims against the Bank for payment in respect of the Securities, and related Receipts and Coupons shall be prescribed and become void unless made within ten (10) years (in the case of principal) and five years (in the case of interest) from the date on which the relevant Securities, Receipts and Coupons (as applicable) first became redeemable or due and payable.

Where Securities are governed by French law:

Claims against the Bank for payment in respect of the Securities shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the date on which the relevant Securities first became redeemable or due and payable.

8. Events of Default

If any of the following events (each, an "**Event of Default**") occurs and is continuing, the holder of any Security may give written notice to the Fiscal Agent at its specified office that such Security is immediately repayable, whereupon the Early Redemption Amount (which unless otherwise provided in a Pricing

Supplement is 100 per cent. of its Notional Amount) of such Security together with accrued interest to the date of payment shall become immediately due and payable:

- (a) default is made for more than 30 Business Days (as defined in Payout Condition 1 (*General Definitions*)) in the payment on the due date of interest or principal, or the delivery of any Physical Delivery Amount or Physical Settlement Amount, in respect of any of the Securities; or
- (b) the Bank shall become insolvent or bankrupt or subject to the provisions of the Winding-up and Restructuring Act (Canada) or any statute hereafter enacted in substitution therefor, as such Act, or substituted Act, may be amended from time to time, or if the Bank goes into liquidation, either voluntary or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank, is ordered wound-up or otherwise acknowledges its insolvency.

Securityholders may only exercise rights under this General Condition 8 in respect of Bail-inable Securities where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank. Notwithstanding the exercise of any rights by Securityholders under this General Condition 8 in respect of Bail-inable Securities, Bail-inable Securities will continue to be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares under subsection 39.2(2.3) of the CDIC Act prior to their repayment in full. A conversion of Bail-inable Securities into common shares under subsection 39.2(2.3) of the CDIC Act will not be an Event of Default. By its acquisition of the Bail-inable Securities, each holder (including each holder of a beneficial interest in any Bail-inable Security), to the extent permitted by law, waives any and all claims, in law and/or in equity, against the Fiscal Agent (in each case solely in its capacity as Fiscal Agent), for, agrees not to initiate a suit against the Fiscal Agent in respect of, and agrees that the Fiscal Agent shall not be liable for, any action that the Fiscal Agent takes, or abstains from taking, in either case in accordance with the conversion of Bail-inable Securities into common shares under subsection 39.2(2.3) of the CDIC Act.

9. Meeting and Consents of Securityholders and Modifications

9.1 Holders of Materialised Securities

(a) Meetings and Consents of Securityholders

The Agency Agreement contains provisions for convening meetings of Securityholders (including at a physical location or by means of an electronic platform (such as a conference call or videoconference) or a combination of such methods) to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Securities (including these Conditions insofar as the same may apply to such Securities). The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in notional amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Securityholders whatever the notional amount of the Securities so represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) amend the dates of maturity or redemption of the Securities, any Instalment Date or any date for payment of interest thereon or Interest Amounts on the Securities, (ii) reduce or cancel the Notional Amount or any Instalment Amount of, or any premium payable on redemption of, the Securities, (iii) reduce the rate or rates of interest in respect of the Securities or vary the method or basis of calculating the Interest Amount in the respect thereof, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest is shown herein, reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) change any method of calculating the Early Redemption Amount, Redemption Amount or Call Payment, or in the case of Zero Coupon Securities, vary the method of calculating the Amortised Face Amount in respect thereof, (vi) change the currency or currencies of payment or denomination of the Securities, (vii) modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution or (viii) modify or eliminate any of matters (i) through (vii) inclusive above, in which case the necessary quorum shall be one or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in notional amount of the Securities for the time being outstanding.

The consent or approval of the Securityholders shall not be required in the case of amendments to the Conditions pursuant to the Underlying Specific Conditions - Interest Benchmark Linked Conditions to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Securities or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in the Underlying Specific Conditions - Interest Benchmark Linked Conditions, where the Issuer has delivered to the Fiscal Agent a certificate pursuant to the Underlying Specific Conditions - Interest Benchmark Linked Conditions.

The term "**Extraordinary Resolution**" is defined in the Agency Agreement to mean (a) a resolution passed at a duly convened meeting of the holders of Securities by a majority consisting of not less than three-fourths of the votes cast thereon, (b) a resolution in writing signed by the holders of not less than three-fourths in Notional Amount of the Securities outstanding, or (c) consents given by electronic consents through the relevant Clearing Systems by or on behalf of Securityholders of not less than three-fourths in Notional Amount of the Securities outstanding, the whole in accordance with the procedures set out in the Agency Agreement. An Extraordinary Resolution duly passed shall be binding on all Securityholders (whether present or not at the meeting or whether or not they participated in such written resolution or consented electronically) and on all relevant Couponholders.

(b) Modifications

The Bank shall only permit, without consent of the Securityholders:

- (i) any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Securityholders; or
- (ii) any modification of the Conditions, Securities or Coupons which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

9.2 Holders of Dematerialised Securities

Subject to the provisions of Condition 9.2(i) below with respect to Securities issued with a denomination of less than EUR 100,000 (or its equivalent in any other currency), the Securityholders will, in respect of all Tranches of the relevant Series, be grouped automatically for the defence of their common interests in a masse (the "**Masse**") which will be governed by the provisions of Articles L.228-46 *et seq.* of the French Commercial Code (*Code de commerce*) as supplemented by this General Condition 9.2.

(a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the Securityholders (the "**Collective Decisions**").

(b) Representative

The names and addresses of the Representative and its alternate (if any), will be set out in the relevant Issue Terms.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Issue Terms. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

In the event of death, liquidation, retirement, resignation or revocation of appointment of the Representative, such Representative will be replaced by its alternate, if any. Another Representative may be appointed.

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative (if any) at the head office of the Issuer.

(c) Powers of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Securityholders, with the capacity to delegate its powers.

(d) Collective Decisions

Collective Decisions are adopted either in a general meeting (the "**General Meeting**") or by unanimous consent of the Securityholders following a written consultation (the "**Written Unanimous Decision**").

(e) Expenses

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Securities.

(f) Single Masse

Securityholders of the same Series, and the Securityholders of any other Series which have been consolidated (*assimilables* for the purpose of French law) with the Securities of such first mentioned Series in accordance with Condition 11, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Securities will be the Representative of the single Masse of all subsequent Tranches in such Series.

(g) Sole Securityholder

If and for so long as the Securities of any Series are held by a sole Securityholder and unless a Representative has been appointed in relation to such Series, such Securityholder shall exercise all powers, rights and obligations entrusted to the Representative and to the Securityholders acting through Collective Decisions by the provisions of the French Commercial Code (*Code de commerce*).

From the date of appointment of the Representative in relation to any Series, if and for so long as the Securities of such Series are held by a sole Securityholder, such Securityholder shall exercise all powers, rights and obligations entrusted to the Securityholders acting through Collective Decisions by the provisions of the French Commercial Code (*Code de commerce*).

The Issuer shall hold a register of the decisions taken by the sole Securityholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Securities of such Series.

(h) Notices to Securityholders

Any notice to be given to Securityholders in accordance with this General Condition 9.2 shall be given in accordance with General Condition 12 (*Notices*).

(i) Full Masse

For Securities issued with a denomination of less than EUR 100,000 (or its equivalent in any other currency), this General Condition 9.2 shall apply to the Securities subject to the following modifications:

- (i) The following paragraph is inserted at the end of Condition 9.2(d):

"General Meetings may deliberate validly on first convocation only if the Securityholders present or represented hold at least one-fifth (1/5) of the principal amount of the Securities then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Securityholders attending such General Meeting or represented thereat."

- (ii) Except if the Issue Terms specify "Issue outside France" as applicable, Condition 9.2(e) shall be deleted and replaced by the following:

"(e) Expenses

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions."

In this General Condition 9.2, the expression "outstanding" shall not include the Securities subscribed or purchased by the Issuer which are held by the Issuer and not cancelled in accordance with applicable laws and regulations as referred to in General Condition 4.10 (*Redemption Irrevocable*).

In addition, the terms and conditions of Securities governed by French law and issued with a specified denomination of at least EUR 100,000 (or its equivalent in any other currency) or which can only be traded in amounts of at least EUR 100,000 (or its equivalent in any other currency) may be amended by the Issuer without the consent of the Securityholders to correct a manifest error.

9.3 **Bail-inable Securities**

Notwithstanding anything in this General Condition 9, where any amendment, modification or other variance that can be made to Bail-inable Securities may affect their recognition by the Superintendent as TLAC, that amendment, modification or variance will require the prior approval of the Superintendent.

10. **Replacement of Materialised Securities, Registered Securities, Receipts, Coupons and Talons**

Where Securities are governed by (i) the laws of Ontario and the federal laws of Canada or (ii) English law:

If a Security, Registered Security, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of the Bearer Securities, Receipts, Coupons or Talons) and the Registrar (in the case of Registered Securities) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Bank for the purpose and notice of whose designation is given to Securityholders in accordance with General Condition 12 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Security, Registered Security, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Bank on demand the amount payable by the Bank in respect of such Securities, Registered Securities, Receipts, Coupons or further Coupons) and otherwise as the Bank may require. Mutilated or defaced Securities, Registered Securities, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. **Further Issues**

The Bank may from time to time without the consent of the Securityholders create and issue further securities having the same terms and conditions as the Securities and so that the same shall be consolidated and form a single series with such Securities, and references in these Conditions to "**Securities**" shall be construed accordingly.

12. Notices

- (a) Notices to the holders of Registered Securities and to the holders of Dematerialised Securities in registered form (*au nominatif*) will be mailed or sent by electronic mail to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Registered Securities which are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange (so long as such Securities are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) may also be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange at www.luxse.com.
- (b) Notices to the holders of Bearer Securities will be valid if published in an English language daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or, if this is not practicable, one other such English-language newspaper as the Bank shall decide. In the case of any Bearer Securities which are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange (so long as such Securities are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require), notices to the holders will be valid if (i) published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or (ii) on the website of the Luxembourg Stock Exchange at www.luxse.com. The Bank shall also ensure that notices are duly published in compliance with the requirements of the rules of each stock exchange on which the Securities are listed, including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).
- (c) Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Securities in accordance with this General Condition 12 (*Notices*).
- (d) Notices required to be given to the holders of Dematerialised Securities (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France S.A., Euroclear, Clearstream and any other clearing system through which the Securities are for the time being cleared in substitution for the mailing and publication as required by Condition 12 (a), above; provided that (i) so long as such Securities are admitted to trading on any Regulated Market(s) and the rules of that Regulated Market so require, notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Securities are admitted to trading, which in the case of the Luxembourg Stock Exchange's Regulated Market is expected to be the *Luxemburger Wort*, and (ii) so long as such Securities are admitted to trading on any Regulated Market and the rules of such Regulated Market so require, on the website of the Regulated Market where the admission is sought, which in the case of the Luxembourg Stock Exchange is expected to be the website of the Luxembourg Stock Exchange (www.luxse.com).
- (e) So long as any Series of Materialised Securities are represented by a Global Security and such Global Security is held on behalf of a clearing system, notices to Securityholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required above and such notice shall be deemed to be delivered to Securityholders on the date of delivery to the relevant clearing system except that so long as the Securities are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange, or listed on the ISM or another stock exchange or admitted to listing by any other relevant authority, the requirements of the relevant stock exchange or authority with respect to publication of notices and notification to Securityholders have been complied with.

13. Waiver of set-off and netting rights

No Securityholder or beneficial owner of an interest in the Bail-inable Securities may exercise, or direct the exercise, claim or plead any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Bank arising under, or in connection with, the Bail-inable Securities, and each Securityholder or beneficial owner of an interest in the Bail-inable Securities shall, by virtue of its acquisition of any Bail-inable Security (or an interest therein), be deemed to have irrevocably and unconditionally waived all such rights of set-off, netting, compensation or retention. Notwithstanding the foregoing, if any amounts due and payable to any Securityholder or beneficial owner of an interest in the Bail-inable Securities by the Bank in respect of, or arising under, the Bail-inable Securities are purportedly discharged by set-off, netting, compensation or retention, without limitation to any other rights and remedies of the Bank under applicable law, such Securityholder or beneficial owner of an interest shall be deemed to receive an amount equal to the amount of such discharge and, until such time as payment of such amount is made, shall hold such amount in trust for the Bank and, accordingly, any such discharge shall be deemed not to have taken place and such set-off, netting, compensation or retention shall be ineffective.

14. Contracts (Rights of Third Parties) Act 1999

No person shall have any rights to enforce any Condition of any Securities governed by English law under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

15. Governing Law; Submission to Jurisdiction

15.1 Governing Law

Unless English law or French law is specified as being Applicable in the applicable Issue Terms, the Securities, the Receipts, the Coupons, and the Talons are governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Where English law is specified as being Applicable in the applicable Issue Terms, the relevant Securities, the related Receipts, Coupons and Talons, and the Deed of Covenant, and any non-contractual obligations arising out of or in connection with them, shall be governed by, and shall be construed in accordance with, English law, except as provided in General Condition 3.2 (*Bail-inable Securities*) and the last paragraph of this General Condition 15.1.

Where French law is specified as being Applicable in the applicable Issue Terms, the relevant Securities shall be governed by, and shall be construed in accordance with, the laws of France, except as provided in General Condition 3.2 (*Bail-inable Securities*) and the last paragraph of this General Condition 15.1.

Notwithstanding anything in these Conditions or the applicable Issue Terms, General Condition 3.2 (*Bail-inable Securities*) and the first paragraph under the heading "**Jurisdiction**" below in respect of Bail-inable Securities, shall be governed by, and shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

15.2 Jurisdiction

For the avoidance of doubt, by its acquisition of an interest in any Bail-inable Securities, each Securityholder or beneficial owner of any Bail-inable Securities is deemed to attorn to the jurisdiction of the courts in the Province of Ontario with respect to the CDIC Act and the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Securities.

Where Securities are governed by English law:

Subject to General Condition 3.2 (*Bail-inable Securities*), the last paragraph of General Condition 15.1 (*Governing Law*) above and the preceding paragraph, the Issuer irrevocably agrees that the English courts have

jurisdiction to settle any dispute arising out of or in connection with any such Securities, Receipts, Coupons or Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with any such Securities, Receipts, Coupons and/or Talons (a "**Dispute**") and accordingly irrevocably submits to the exclusive jurisdiction of the courts of England and Wales. The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, waives any objections to proceedings in such courts on the grounds that they have been brought in an inconvenient forum.

The paragraph above is for the benefit of the relevant holders only. As a result, subject to the last paragraph of General Condition 15.1 (*Governing Law*) above and the first paragraph of this General Condition 15.2, nothing in this General Condition 15 (*Governing Law; Submission to Jurisdiction*) prevents any relevant holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, such relevant holders may take concurrent Proceedings in any number of jurisdictions.

The Issuer irrevocably agrees that service of process in any such proceedings in England in relation to any Dispute shall be deemed completed on delivery to its branch at 11th Floor, 70 St. Mary Axe, London EC3A 8BE, England. If for any reason such branch ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint another person as its agent for service of process in England in respect of any Dispute and shall immediately notify holders of such appointment in accordance with General Condition 12 (*Notices*). Nothing shall affect the right to serve process in any manner permitted by law.

Where Securities are governed by French law:

Subject to General Condition 3.2 (*Bail-inable Securities*), the last paragraph of General Condition 15.1 (*Governing Law*) above and the first paragraph of this General Condition 15.2, the parties agree that the jurisdiction of the Cour d'Appel of Paris is to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Securities.

PAYOUT CONDITIONS FOR STRUCTURED SECURITIES

These Payout Conditions for Structured Securities apply to Structured Securities and Hybrid Securities that include certain Features of Structured Securities, in accordance with the related elections made in the Issue Terms.

The following is the text of the terms regarding payouts under the Securities (the "**Payout Conditions**") which have been categorised into different features which may be combined by choosing applicable features in the Issue Terms to form the set of features applicable to the relevant Security. These categories are as follows:

No.	Payout Condition	Page No.
1.	General Definitions	156
2.	Coupon Features	160
3.	Call, Securityholders Optional Early Redemption and Knock-in Features	188
4.	Quanto and Compo Features	192
5.	Downside Features	193
6.	Underlying Features of Structured Securities	195
7.	Redemption Features of Structured Securities	198

In order to illustrate how the different features may be combined to form one set of Payout Conditions, please find below an illustrative example of possible combinations:

Example of possible combinations:

<i>General Definitions</i>	Always applicable
<i>Coupon Features</i>	Conditional Coupon Payments (with Memory)
<i>Call, Securityholders Optional Early Redemption and Knock-in Features</i>	Automatic Early Redemption
<i>Quanto and Compo Features</i>	Non-Quanto
<i>Downside Features</i>	Barrier Securities
<i>Underlying Features of Structured Securities</i>	Worst-of
<i>Redemption Features of Structured Securities</i>	Income

1. General Definitions

"**Additional Business Centre**" will be specified in the Issue Terms.

"**Best Performing Underlying**" means the Underlying with the highest Performance of the Underlying, provided that if two or more Underlyings have the same highest Performance of the Underlying, then the Calculation Agent shall determine, in its reasonable discretion, which of such Underlyings shall be deemed to be the Best Performing Underlying.

"**Business Day**" means:

- (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for that currency and each other place (if any) specified in the Issue Terms as an Additional Business Centre and if T2 is specified as an Additional Business Centre, a T2 Business Day;
- (ii) in the case of Euro as Specified Currency or Underlying Currency, a day (other than a Saturday or Sunday) on which the T2 System is operating for the purposes of settlements of payments in euro (a "**T2 Business Day**") and on which commercial banks are open for business in each place (if any) specified in the Issue Terms as an Additional Business Centre; and/or
- (iii) in the case of Renminbi as Specified Currency or Underlying Currency, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in each Relevant Renminbi Settlement Centre (as defined below) and each other place (if any) specified in the Issue Terms as an Additional Business Centre.

"**Calculation Agent**" means the Issuer or such other entity as may be specified in the applicable Issue Terms as the Calculation Agent (provided that neither Citibank Europe plc nor any of its affiliates will be appointed as calculation agent where ISDA Determination is applicable).

"**Calculation Amount**" means, in respect of a Series, the amount specified as such in the Issue Terms.

"**Call, Securityholders Optional Early Redemption and Knock-in Feature**" will be specified in the Issue Terms.

"**Conversion Ratio**" means, in respect of the Deliverable Underlying, either (a), (b) or (c) below (as applicable) or as otherwise specified in the Issue Terms:

- (a) if 'Conversion Ratio' is specified to be 'Specified Amount' in the Issue Terms, the number specified as such in respect of such Deliverable Underlying in the Issue Terms; or
- (b) if 'Conversion Ratio' is specified to be 'Calculated Amount – Bullish Securities' in the Issue Terms, a number determined by the Calculation Agent in accordance with either paragraph (i) or (ii) below (as applicable):
 - (i) if 'FX Conversion' is specified to be 'Not Applicable' in the Issue Terms, a number determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Calculation Amount}}{\text{Settlement Initial Level}}; \text{ or}$$

- (ii) if 'FX Conversion' is specified to be 'Applicable' in the Issue Terms, a number determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{\text{Calculation Amount}}{\text{Settlement Initial Level} \times \text{Settlement FX Rate}} \right); \text{ or}$$

- (c) if 'Conversion Ratio' is specified to be 'Calculated Amount – Bearish Securities in the Issue Terms, a number determined by the Calculation Agent in accordance with either paragraph (i) or (ii) below (as applicable):
- (i) if 'FX Conversion' is specified to be 'Not Applicable' in the Issue Terms, a number determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Corresponding Redemption Amount}}{\text{Settlement Fixing Level}}; \text{ or}$$

- (ii) if 'FX Conversion' is specified to be 'Applicable' in the Issue Terms, a number determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Corresponding Redemption Amount}}{\text{Settlement Fixing Level} \times \text{Settlement FX Rate}}$$

"Conversion Ratio (Rounded)" means a number determined by the Calculation Agent as being equal to the Conversion Ratio rounded down to the nearest whole unit of the Deliverable Underlying.

"Corresponding Redemption Amount" means, in respect of a Security for which Physical Delivery is specified to be applicable in the relevant Issue Terms, unless otherwise specified in the Issue Terms, either an amount determined by the Calculation Agent as being equal to the amount of cash that would otherwise have been paid as the Redemption Amount for such Security in accordance with the relevant Redemption Feature or Downside Feature or the Calculation Amount, as specified in the Issue Terms.

"Coupons" refers collectively to Conditional Coupon Payments, Conditional Coupon Payments (with Memory), Conditional Coupon Payments (with Lock-in), Fixed Coupon Payments, Floating Coupon Payments, Zero Coupon, Blended Coupon and Drop-back Coupon.

"Coupon Feature" will be specified in the Issue Terms.

"Delivery Date" means the Redemption Date or as otherwise specified in the Issue Terms.

"Deliverable Underlying" means one or more deliverable Underlyings, of which a certain number of deliverable units (*i.e.* the "Physical Delivery Amount" as defined below) will be delivered to Securityholders in the case of physical settlement of Securities, which will be in the form of either paragraph (a) or (b) below (as applicable):

- (a) if the Securities are linked to one Underlying, (i) such Underlying or (ii) a specified Deliverable Underlying as set out in the Issue Terms; or
- (b) if the Securities are linked to a basket of Underlyings, either: (i) each Underlying, (ii) the Worst Performing Underlying, (iii) the Best Performing Underlying or (iv) each specified Deliverable Underlying in respect of the relevant Underlying, Worst Performing Underlying or Best Performing Underlying, as applicable, or as otherwise set out in the Issue Terms.

For the avoidance of doubt, a Deliverable Underlying may not be an equity security issued by the Issuer.

"Downside Feature" will be specified in the Issue Terms.

"Market Disruption Event" has the meaning given to it in Underlying Specific Conditions.

"Physical Delivery Amount" means, in respect of each Security, a number equal to the Conversion Ratio (Rounded) of the Deliverable Underlying. The Physical Delivery Amount will be determined per Security without first aggregating the entire holding of Securities held by a Securityholder.

"Product Type" will be specified in the Issue Terms.

"Quanto/Compo Feature" will be specified in the Issue Terms.

"Redemption Date" will be specified in the Issue Terms.

"Redemption Feature" will be specified in the Issue Terms.

"Reference Rate" means the Interest Benchmark used as reference for the Floating Coupons or Reference Price in the Coupon Features.

"Relevant Renminbi Settlement Centre" means each of the jurisdiction(s) specified as such in the applicable Issue Terms or if no Relevant Renminbi Settlement Centre is specified in the applicable Issue Terms, the Relevant Renminbi Settlement Centre shall mean Hong Kong only.

"Residual Cash Amount" means, in respect of the Deliverable Underlying, an amount determined by the Calculation Agent in accordance (a) or (b) below (as applicable or as otherwise specified in the Issue Terms):

- (a) if 'FX Conversion' is specified to be 'Not Applicable' in the Issue Terms, a number determined by the Calculation Agent in accordance with the following formula:

$$\text{Residual Fraction} \times \text{Settlement Fixing Level}$$

- (b) if 'FX Conversion' is specified to be 'Applicable' in the Issue Terms, a number determined by the Calculation Agent in accordance with the following formula:

$$\text{Residual Fraction} \times (\text{Settlement Fixing Level} \times \text{Settlement FX Rate})$$

"Residual Fraction" means, in respect of a Security and the Deliverable Underlying, an amount determined by the Calculation Agent as being equal to the Conversion Ratio minus the Conversion Ratio (Rounded).

"Settlement Fixing Level" means the Final Reference Price of the Deliverable Underlying or as otherwise specified in the Issue Terms.

"Settlement Initial Level" will be specified in the Issue Terms.

"Settlement FX Exchange Rate Valuation Time" means, in respect of a Settlement FX Rate, the time specified as such in the Issue Terms.

"Settlement FX Fixing Date" will be specified in the Issue Terms.

"Settlement FX Rate" means, in respect of the Deliverable Underlying and a Settlement FX Fixing Date, an exchange rate expressed as a number of units of the Specified Currency (or fractional amounts thereof) per one unit of the Underlying Currency which appears on the price source specified in the Issue Terms at approximately the Settlement FX Exchange Rate Valuation Time, as determined by the Calculation Agent, PROVIDED THAT if the Underlying Currency is the same as the Specified Currency the Settlement FX Rate in respect of such Underlying shall be deemed to be 1 (one).

"Specified Currency" means the currency in which the Security is denominated, as specified in the Issue Terms.

"T2 System" means the Real-Time Gross Settlement System operated by the Eurosystem (T2) (or any successor system thereto).

"Underlying" means the Share(s), Index(ices), ETF Share(s), Currency Exchange Rate(s), Commodity(ies) (or Commodity Index(ices)), Fund(s), Inflation Indices, Future(s) or Reference Rates as Interest Benchmarks specified in the Issue Terms.

"Underlying Feature" will be specified in the Issue Terms.

"Underlying Currency" means, with respect to an Underlying, the currency in which the Underlying is denominated, as specified in the Issue Terms or with respect to a Currency Exchange Rate only, the currency so specified in the Issue Terms.

"Worst Performing Underlying" means the Underlying with the lowest Performance of the Underlying, provided that if two or more Underlyings have the same lowest Performance of the Underlying, then the Calculation Agent shall determine, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, which of such Underlyings shall be deemed to be the Worst Performing Underlying.

2. Coupon Features

The Issue Terms will indicate the Coupon Feature applicable to the Securities. The following Coupon Features may be specified in the Issue Terms:

2.1 No Coupon Payments

If the Issue Terms specify "No Coupon Payments" as "applicable", the Securityholder will receive no payments related to Coupons under the Securities.

2.2 Structured Coupon Payments

If the Issue Terms specify "Structured Coupon Payments" as "applicable", the Securityholder will receive Coupons which are payable according to the performance of the Underlying. Structured Coupon Payments will be paid on each Coupon Payment Date. The amount of each Structured Coupon Payment will be calculated with respect to the relevant Coupon Valuation Date or each Coupon Valuation Date within the Coupon Valuation Period, as specified in the Issue Terms, in accordance with the following formula specified in the Issue Terms:

Standard Structured Coupon ("Standard Structured Coupon")	$[\text{Notional Amount}][\bullet] [\text{Coupon Amount}][\bullet]$ $[\text{Leverage}][\bullet][\text{Underlying Reference}]^3$ If the Issue Terms specify a Cap, the Standard Structured Coupon will not exceed the Cap. If the Issue Terms specify a Floor, the Standard Structured Coupon will not be lower than the Floor.
Call Spread ("Call Spread")	$[\text{Notional Amount}][\bullet] [\text{Coupon Amount}][\bullet][\text{Spread}_i][\bullet]$ <u>Where:</u> "Spread_i" is calculated according to the following formula: $[[\text{Min}]\{\text{Max}][[\text{Reference Price}][\bullet]\text{Barrier}_i; [\text{Floor}]]]; [\text{Cap}]] [\bullet][\text{Constant}]]$ "Barrier_i" will be specified in the Issue Terms. "Constant_i" will be specified in the Issue Terms.
Range Accrual ("Range Accrual")	$[\text{Notional Amount}][\bullet][\text{Reference Price}][\bullet] \left[\frac{n}{N} \right]$ "n" means, in relation to a Range Accrual Period, the number of Business Days in the relevant Range Accrual Period on which the Reference Price in relation to the respective Underlying is fixed either (i) at or (ii) at or above, depending on which is specified in the Issue Terms, the respective Range Accrual Floor and (i) at or (ii) at or below, depending on which is specified in the Issue Terms, the respective Range Accrual Cap. The Issue Terms may set out more than one relevant Underlying and may also set out more than one respective Range Accrual Floor and Range Accrual Cap. "N" means, in relation to a Range Accrual Period, the number of Business Days in the relevant Range Accrual Period.

³ Throughout this Base Prospectus, bracketed items that are included in formulae or conditions for the application for a specific Feature designate amounts that may be adjusted as specified in the relevant Issue Terms and "[•]" designates an arithmetic operation, amount or formula that will be inserted in the relevant Issue Terms.

	"Range Accrual Cap" means the cap specified as such in the Issue Terms, if applicable. "Range Accrual Floor" means the floor specified as such in the Issue Terms, if applicable. "Range Accrual Period" means the period from the last Coupon Valuation Date preceding the relevant Coupon Valuation Date to the relevant Coupon Valuation Date.
<i>Inflation Linked</i>	[Notional Amount][●][Coupon Amount][●][Max, Min]{[Cap, Floor], [Index_n]/[Index₀] [●]}
	"Index₀" means the value of the Reference Index in respect of the Issue Date. "Index_n" means, with respect to a Coupon Valuation Date, the value of the Reference Index in respect of that Coupon Valuation Date. "Reference Index" is calculated by the Calculation Agent with respect to a day d within month D according to the following formula: $\text{Reference Price}_A + \frac{d - 1}{D} \times (\text{Reference Price}_B - \text{Reference Price}_A)$ "Reference Price_A" means the Reference Price for the month which is three months prior to that being calculated. "Reference Price_B" means the Reference Price for the month which is two months prior to that being calculated. "d" means the number of the day of the month in respect of which the Reference Index is being calculated. "D" means the total number of days in the month m in respect of which the Reference Index is being calculated.

2.3 Conditional Coupon Payments

If the Issue Terms specify "Conditional Coupon Payments" as "applicable", the Securityholder will receive Coupons which are payable if the Coupon Observation Value of the Underlying on the applicable Coupon Valuation Date or on each Coupon Valuation Date within the Coupon Valuation Period, as specified in the Issue Terms, is:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Conditional Coupon Barrier in the Issue Terms,

a relevant Conditional Coupon Barrier (the "**Coupon Condition**"),

and, if specified as applicable in the Issue Terms, also:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Additional Conditional Coupon Barrier in the Issue Terms,

a relevant Additional Conditional Coupon Barrier.

If a Conditional Coupon Payment is payable, it will be paid on the related Coupon Payment Date. The Conditional Coupon Rate applicable to each Conditional Coupon Payment will be specified in the Issue Terms

which may set out multiple Conditional Coupon Barriers with corresponding Conditional Coupon Rates with respect to a single Coupon Valuation Date.

2.4 Conditional Coupon Payments (with Memory)

If the Issue Terms specify "Conditional Coupon Payments (with Memory)" as "applicable", the Securityholder will receive Coupons at the Conditional Coupon Rate which are payable if the Coupon Observation Value of the Underlying on the applicable Coupon Valuation Date or on each Coupon Valuation Date within the Coupon Valuation Period, as specified in the Issue Terms, is:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Conditional Coupon Barrier in the Issue Terms,

its Conditional Coupon Barrier (the "**Coupon Condition**"),

and, if specified as applicable in the Issue Terms, also:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Additional Conditional Coupon Barrier in the Issue Terms,

a relevant Additional Conditional Coupon Barrier.

If a Conditional Coupon Payment is payable, it will be paid on the related Coupon Payment Date. If any Conditional Coupon Payment is not payable on a Coupon Payment Date, such missed Conditional Coupon Payment(s) will be payable on the next subsequent Coupon Payment Date that a Conditional Coupon Payment is payable with respect to such date, if any. The Conditional Coupon Rate applicable to the Conditional Coupon Payment (with Memory) applicable to a single Coupon Payment Date will be specified in the Issue Terms.

The Conditional Coupon Payment (with Memory) payable on any Coupon Payment Date will be calculated as follows: (i) the product of the Conditional Coupon Rate applicable to a single Coupon Payment Date times the number of all Coupon Payment Dates up to the relevant Coupon Payment Date (inclusive of the relevant Coupon Payment Date) minus (ii) the sum of all Conditional Coupon Payments (with Memory) previously paid.

2.5 Conditional Coupon Payments (with Lock-in)

If the Issue Terms specify "Conditional Coupon Payments (with Lock-in)" as "applicable", the Securityholder will receive Coupons which are payable if the Coupon Observation Value of the Underlying on the applicable Coupon Valuation Date or on each Coupon Valuation Date within the Coupon Valuation Period, as specified in the Issue Terms, is:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Conditional Coupon Barrier in the Issue Terms,

its Conditional Coupon Barrier (the "**Coupon Condition**"),

and, if specified as applicable in the Issue Terms, also:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Additional Conditional Coupon Barrier in the Issue Terms,

a relevant Additional Conditional Coupon Barrier.

If a Conditional Coupon Payment is payable, it will be paid on the related Coupon Payment Date. The Conditional Coupon Rate applicable to each Conditional Coupon Payment (with Lock-in) will be specified in the Issue Terms.

If on any Lock-in Date a Lock-in Event occurs, the Securityholder will receive Coupons on the related Coupon Payment Date and any remaining Coupon Payment Dates following that related Coupon Payment Date regardless of the performance of the Underlying.

2.6 Conditional Coupon Payments (with Memory and/or Lock-in)

If the Issue Terms specify "Conditional Coupon Payments (with Memory and/or Lock-in)" as "applicable", the Securityholder will receive Coupons at the Conditional Coupon Rate which are payable if the Coupon Observation Value of the Underlying on the applicable Coupon Valuation Date or on each Coupon Valuation Date within the Coupon Valuation Period, as specified in the Issue Terms, is:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Conditional Coupon Barrier in the Issue Terms,

its Conditional Coupon Barrier (the "**Coupon Condition**"),

and, if specified as applicable in the Issue Terms, also:

(i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Additional Conditional Coupon Barrier in the Issue Terms,

a relevant Additional Conditional Coupon Barrier.

If a Conditional Coupon Payment is payable, it will be paid on the related Coupon Payment Date.

If any Conditional Coupon Payment is not payable on a Coupon Payment Date, such missed Conditional Coupon Payment(s) will be payable on the next subsequent Coupon Payment Date that a Conditional Coupon Payment is payable with respect to such date, if any. The Conditional Coupon Rate applicable to the Conditional Coupon Payment (with Memory and Lock-in) applicable to a single Coupon Payment Date will be specified in the Issue Terms.

The Conditional Coupon Payment (with Memory and/or Lock-in) payable on any Coupon Payment Date will be calculated as follows: (i) the product of the Conditional Coupon Rate applicable to a single Coupon Payment Date times the number of all Coupon Payment Dates up to the relevant Coupon Payment Date (inclusive of the relevant Coupon Payment Date) minus (ii) the sum of all Conditional Coupon Payments (with Memory and Lock-in) previously paid.

If on any Lock-in Date, a Lock-in Event occurs, the Securityholder will receive Coupons on the related Coupon Payment Date and any remaining Coupon Payment Dates following that related Coupon Payment Date regardless of the performance of the Underlying.

2.7 Fixed Coupon Payments

(a) Payment of Interest

If the Issue Terms specify "Fixed Coupon Payments" as "applicable", the Securityholder will receive Coupons which are payable regardless of the performance of the Underlying. Fixed Coupon Payments will be paid on each Coupon Payment Date at the rate(s) per annum (expressed as a percentage) equal to the Fixed Rate(s) specified in the Issue Terms. The amount of each Fixed Coupon Payment will be specified in the Issue Terms.

(b) Broken Amounts

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

(c) Calculations

The Coupon Payment Amount payable per Notional Amount in respect of any Security for any period shall be equal to the product of the Rate of Interest, the Notional Amount and the Day Count Fraction (if any) for such period, unless a Coupon Payment Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable per Notional Amount in respect of such Security for such period shall equal such Coupon Payment Amount (or be calculated in accordance with such formula). Where any Coupon Period comprises two or more Coupon Periods, the amount of interest payable per Notional Amount in respect of such Coupon Period will be the sum of the amounts of interest payable in respect of each of those Coupon Periods.

2.8 Floating Coupon Payments

If the Issue Terms specify "Floating Coupon Payments" as "applicable", on each applicable Coupon Payment Date, the Securityholder will receive Coupons as set out in this section and completed in the Issue Terms.

(a) Floating Coupon

The Securities bear interest on their outstanding Notional Amount from (and including) the Coupon Commencement Date specified in the Issue Terms at the Floating Coupon by reference to the Interest Benchmark as Reference Rate ("**Floating Coupon**"). Floating Coupon Payments will be paid on each Coupon Payment Date respect of each Floating Coupon Period.

The Issue Terms will indicate whether Screen Rate Determination or ISDA Determination is applicable to the Floating Rate of Interest. The Issue Terms will indicate the applicable Screen Rate Determination.

- (i) If any Coupon Margin or Coupon Multiplier is specified in the applicable Issue Terms (either (x) generally, or (y) in relation to one or more Floating Coupon Periods), an adjustment shall be made to all Floating Coupon, in the case of (x), or the Floating Coupon for the specified Floating Coupon Periods, in the case of (y), calculated by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Coupon Margin or multiplying by such Coupon Multiplier, subject always to the next paragraph.
- (ii) If any Coupon Cap or Coupon Floor is specified in the applicable Issue Terms, then any Floating Coupon shall be subject to such Coupon Cap or Coupon Floor, as the case may be. Unless otherwise specified in the applicable Issue Terms, the Coupon Floor shall be zero.
- (iii) For the purposes of any calculations required for the Floating Coupon (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro means 0.01 euro.

(b) Linear Interpolation

Where Linear Interpolation is specified as being applicable in respect of a Floating Coupon Period in the applicable Issue Terms, the Floating Coupon for such Floating Coupon Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Interest Benchmark (where Screen Rate Determination is specified as applicable in the applicable Issue Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Issue 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 Floating Coupon Period and the other of which rates are available next longer than the length of the relevant Floating Coupon Period, provided however that if there is no rate available for the

period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(c) CMS Rate as applicable Interest Benchmark

If the Issue Terms specify "**CMS Rate**" to be the applicable Interest Benchmark:

the Floating Coupon for each Floating Coupon Period will be, subject to Interest Benchmark Linked Condition 2 (*Temporary Non-Availability*):

- (i) where "**CMS Rate**" is specified as the Applicable CMS Formula in the applicable Issue Terms, determined by the Calculation Agent by reference to the following formula:

$$[\text{Max, Min}][\bullet][\text{Leverage}][\bullet]([\text{CMS Rate}][\bullet][\text{Margin}]), [\text{Cap, Floor}][\bullet]$$

- (ii) where "**Leveraged CMS Rate**" is specified as the Applicable CMS Formula in the applicable Issue Terms, determined by the Calculation Agent by reference to the following formula:

$$[\text{Leverage}][\bullet][\text{Max, Min}][\bullet]([\text{CMS Rate}_i][\bullet][\text{Margin}]), [\text{Cap, Floor}]$$

- (iii) where "**CMS1010 Option 1**" is specified in the applicable Issue Terms:

$$\text{CMS Rate 2} + \text{CMS Rate 2} \times (1 + \text{CMS Rate 2})^{D2} - \text{CMS Rate 1} \times (1 + \text{CMS Rate 1})^{D1} - \text{CMS Factor}$$

- (iv) where "**CMS1010 Option 2**" is specified in the applicable Issue Terms:

$$\frac{(\text{DV01}_{D2} \times \text{CMS Rate 2}) - (\text{DV01}_{D1} \times \text{CMS Rate 1})}{(\text{DV01}_{D2} - \text{DV01}_{D1})} - \text{CMS Factor}$$

In addition:

"**Applicable CMS Formula**" shall mean either CMS Rate, Leveraged CMS Rate (either Standard or Floor/Cap), Steeper CMS Rate (either Unleveraged or Leveraged), CMS1010 Option 1, CMS1010 Option 2, as specified in the applicable Issue Terms.

"**CMS Factor**" will be specified in the Issue Terms.

"**Cap**", "**Cap (i)**", "**Cap (ii)**", "**CMS Rate 1**", "**CMS Rate 2**", "**Designated Maturity**", "**Floor**", "**Floor (i)**", "**Floor (ii)**", "**Leverage**", "**Margin**", "**Margin (i)**", "**Margin (ii)**" and "**Reference Currency**", if applicable, shall have the meanings given to those terms in the applicable Issue Terms.

"**DV01_{D1}**" means: $\sum_{t=1}^{D1} \frac{1}{(1 + \text{CMS Rate 1})^t}$, where "t" is a series of whole numbers from one to D1, each representing the relevant year in chronological order from, and including, the first year in the D1 year maturity of the EUR swap transactions.

"**DV01_{D2}**" means: $\sum_{t=1}^{D2} \frac{1}{(1 + \text{CMS Rate 2})^t}$, where "t" is a series of whole numbers from one to D2, each representing the relevant year in chronological order from, and including, the first year in the D2 year maturity of the EUR swap transactions.

(d) Accrual

Floating Coupons will cease to accrue on each Security on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgement) at the Floating Coupon in the manner provided

in this Payout Condition 2 (*Coupon Features*) to the Relevant Date (as defined in General Condition 6 (*Taxation*)).

If the relevant Securities become due and payable, the final Underlying Determination Date shall, notwithstanding any Underlying Determination Date specified in the applicable Issue Terms, be deemed to be the date on which such Securities become due and payable and the Floating Coupon on such Securities shall, for so long as any such Security remains outstanding, be that determined on such date, and such Floating Coupon shall continue to apply to the Securities for so long as interest continues to accrue thereon.

(e) Calculations

The Floating Coupon Payments payable per Notional Amount in respect of any Security for any period shall be equal to the product of the Floating Coupon (adjusted as required by Payout Condition 2.8(a) (*Floating Coupon*)), the Notional Amount and the Day Count Fraction (if any) for such period.

(f) Determination and Publication of Floating Coupon and Floating Coupon Payments

As soon as practicable after the Relevant Time on each Underlying Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, it will determine such rates and calculate such amounts in respect of each Specified Denomination of the Securities for the relevant Floating Coupon Period, obtain such quote or make such determination or calculation, as the case may be, and cause the Floating Coupon Period and the Floating Coupon Payment for each Floating Coupon Period and the relevant Coupon Payment Date to be notified to the Fiscal Agent, the Registrar (if applicable), the Issuer, each of the Paying Agents, the Securityholders, any other Calculation Agent appointed in respect of the Securities which is to make a further calculation upon receipt of such information and, if the Securities are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Floating Coupon Period, if determined prior to such time, in the case of notification to such exchange of a Floating Coupon and Floating Coupon Payment, or (ii) in all other cases, the fourth Business Day after such determination (or in the case of Securities where the Interest Benchmark is specified in the applicable Issue Terms as being SONIA, the second London Banking Day after such determination).

The Floating Coupon Payment and the Coupon Payment Date so provided may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Coupon Period.

If the Securities become due and payable under General Condition 8 (*Events of Default*), the accrued interest and the Floating Coupon payable in respect of the Securities shall, save in the case of Compounded Daily SONIA for the purposes of Payout Condition 2.9(c) (*Definitions applicable to Screen Rate Determination*), nevertheless continue to be calculated as previously in accordance with this Payout Condition but no notification of the Floating Coupon or the Floating Coupon Payment so calculated need be made.

The determination of any rate or amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

2.9 Definitions applicable to Screen Rate Determination

If specified in the Issue Terms, the following terms apply for determining the Interest Benchmark for a relevant Coupon Period or other relevant period or date ("**Applicable Period or Date**") on a Coupon Determining Date or any other Underlying Valuation Date ("**Applicable Determination Date**"), as the case may be:

- (a) If the Issue Terms specify "General Screen Rate" for the applicable Interest Benchmark:

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent at or about the Relevant Time on the Applicable Determination Date in respect of such Applicable Period or Date in accordance with the following, subject as provided in the Underlying Linked Conditions:

- (i) the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity), or
- (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page,

in each case appearing on such Screen Page at the Relevant Time on the Applicable Determination Date;

- (b) If the Issue Terms specify "**SONIA**" for the applicable Interest Benchmark and "**Standard**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Interest Benchmark for each Applicable Period or Date based on the SONIA reference rate.

Where:

"**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Screen Page or, if the Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day; and "**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, United Kingdom.

- (c) If the Issue Terms specify "**SONIA**" to be the applicable Interest Benchmark and "**Compounded Daily Rate**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Interest Benchmark for each Applicable Period or Date as Compounded Daily SONIA in accordance with the following, subject as provided in the Underlying Linked Conditions:

"**Compounded Daily SONIA**" means, with respect to an Applicable Period or Date, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Applicable Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{Relevant SONIA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where, for the purposes of this definition:

"**d**" is the number of calendar days in:

- (A) where Lag is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or

- (B) where Shift is specified as the Observation Method in the applicable Issue Terms, the relevant SONIA Observation Period;

" d_0 " is the number of London Banking Days in:

- (A) where Lag is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where Shift is specified as the Observation Method in the applicable Issue Terms, the relevant SONIA Observation Period;

" i " is a series of whole numbers from one to d_0 , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (A) where Lag is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where Shift is specified as the Observation Method in the applicable Issue Terms, the relevant SONIA Observation Period;

"London Banking Day" or "LBD" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, United Kingdom;

" n_i ", for any London Banking Day " i ", means the number of calendar days from and including such London Banking Day " i " up to (but excluding) the following London Banking Day;

"Observation Look-back Period" is as specified in the applicable Issue Terms and in no case shall be less than five London Business Days;

" p " is the number of London Banking Days included in the Observation Look-back Period specified in the applicable Issue Terms;

"Relevant SONIA $_i$ " means, in respect of any London Banking Day " i ":

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, SONIA $_{i-pLBD}$; or
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, SONIA $_{iLBD}$;

"SONIA $_{iLBD}$ " means, in respect of any London Banking Day " i " the SONIA reference rate for such London Banking Day " i ";

"SONIA $_{i-pLBD}$ " means, in respect of any London Banking Day " i " falling in the Applicable Period or Date, the SONIA reference rate for the London Banking Day falling " p " London Banking Days prior to the relevant London Banking Day " i ".

"SONIA Observation Period" means the period from and including the date falling " p " London Banking Days prior to the first day of the Applicable Period or Date (and the first Applicable Period or Date begin on and include the Coupon Commencement Date) and ending on, but excluding, the date falling " p " London Banking Days prior to the Period End Date for such Applicable Period or Date;

"SONIA reference rate", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Screen Page or, if the Screen Page is unavailable, as otherwise published by such authorised

distributors, in each case on the London Banking Day immediately following such London Banking Day.

- (d) If the Issue Terms specify "**SONIA**" to be the applicable Interest Benchmark and "**Compounded Index Rate**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date by reference to the screen rate or index for Compounded Daily SONIA administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the Applicable Determination Dates specified below, as further specified in the applicable Issue Terms (the "**SONIA Compounded Index**") and in accordance with the following formula, subject as provided in the Underlying Linked Conditions, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards, all determined by the Calculation Agent:

$$\text{Compounded Daily SONIA rate (Index)} = \left(\frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

Where, for the purposes of this definition:

"**x**" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of the Applicable Period or Date;

"**y**" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the Period End Date for such Applicable Period or Date, or such other date as when the relevant payment falls to be due (but which by definition or the operation of the relevant provisions is excluded from such Applicable Period or Date);

A day on which the SONIA Compounded Index is determined pursuant to paragraph "x" or "y" above is referred to as an "**Index Determination Date**";

"**d**" is the number of calendar days from (and including) the day in relation to which x is determined to (but excluding) the day in relation to which y is determined;

"**Relevant Number**" is as specified in the applicable Issue Terms.

- (e) If the Issue Terms specify "**SOFR**" for the applicable Interest Benchmark and "**Standard**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date based on the Secured Overnight Financing Rate.

Where:

"**Secured Overnight Financing Rate**" or "**SOFR**" means, with respect to any U.S. Government Securities Business Day, the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**");

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source; and

"U.S. Government Securities Business Day" means any day except for a Saturday, a 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 purposes of trading in U.S. government securities.

- (f) If the Issue Terms specify **"SOFR"** to be the applicable Interest Benchmark and **"Compounded SOFR"**:

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date as Compounded SOFR in accordance with the following, subject as provided in the Underlying Linked Conditions:

"Compounded SOFR" means, in relation to any Applicable Period or Date, the rate of return of a daily compound interest investment (with SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Applicable Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where, for the purposes of this definition:

"d" is the number of calendar days in:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant SOFR Observation Period;

"d₀" is the number of U.S. Government Securities Business Days in:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant SOFR Observation Period;

"i" is a series of whole numbers from one to d₀, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant SOFR Observation Period;

"n_i" for any U.S. Government Securities Business Day "i" is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day "i+1";

"p", for any SOFR Observation Period, is the number of U.S. Government Securities Business Days specified in the applicable Issue Terms;

"Secured Overnight Financing Rate" or "SOFR" means, with respect to any U.S. Government Securities Business Day, the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **"SOFR Determination Time"**).

"SOFR_i" means the SOFR for:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; and
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant U.S. Government Securities Business Day "i".

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source; and

"SOFR Observation Period" means in respect of each Applicable Period or Date, the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in the Applicable Period or Date to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Period End Date for the Applicable Period or Date, or such other period as may be specified in the Issue Terms;

"U.S. Government Securities Business Day" means any day except for a Saturday, a 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 purposes of trading in U.S. government securities.

- (g) If the Issue Terms specify **"SOFR"** to be the applicable Interest Benchmark and **"SOFR Index"**:

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date as SOFR Index, calculated in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards), as determined by the Calculation Agent, subject as provided in the Underlying Linked Conditions:

$$\left(\frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \frac{360}{d}$$

Where, for the purposes of this definition:

"SOFR" means the daily secured overnight rate as provided by the SOFR Administrator on the SOFR Administrator's Website;

"SOFR Index_{Start}" is the SOFR Index value for the day which is "p" U.S. Government Securities Business Days preceding the first date of the Applicable Period or Date;

"SOFR Index_{End}" is the SOFR Index value for the day which is "p" U.S. Government Securities Business Days preceding the Period End Date relating to the Applicable Period or Date;

"d" is the number of calendar days from, and including, the SOFR Index_{Start} to, but excluding, the SOFR Index_{End} (the number of calendar days in the relevant SOFR Observation Period);

"**p**", for any SOFR Observation Period, is the number of U.S. Government Securities Business Days specified in the applicable Issue Terms;

"**SOFR Index**" means, with respect to any U.S. Government Securities Business Day:

the SOFR Index as published by the SOFR Administrator as such index appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on such U.S. Government Securities Business Day (the "**SOFR Index Determination Time**").

For the definition of "**SOFR Index**", "**SOFR**" means the daily secured overnight financing rate provided by the SOFR Administrator on the SOFR Administrator's website.

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source; and

"**SOFR Observation Period**" means in respect of each Applicable Period or Date, the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in the Applicable Period or Date to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Period End Date for the Applicable Period or Date, or such other period as may be specified in the Issue Terms;

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a 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 purposes of trading in U.S. government securities.

- (h) If the Issue Terms specify "**€STR**" for the applicable Interest Benchmark and "**Standard**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date based on the €STR Reference Rate:

Where:

"**€STR Reference Rate**" means in respect of any T2 Business Day, a reference rate equal to the daily euro short-term rate ("**€STR**") for such T2 Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank, currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the "**ECB's Website**") (in each case, on or before 9:00 a.m. Central European Time on the T2 Business Day immediately following such T2 Business Day) (or any amended publication time as specified by the administrator of €STR in the €STR benchmark methodology).

"**T2 Business Day**" or "**TBD**" means a day on which the T2 System is operating for the purposes of settlements of payments in euro.

- (i) If the Issue Terms specify "**€STR**" to be the applicable Interest Benchmark and "**Compounded €STR**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date as Compounded Daily €STR in accordance with the following, subject as provided in the Underlying Linked Conditions:

"Compounded Daily €STR" means, with respect to an Applicable Period or Date, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Applicable Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with each 0.00005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{€STR}_{i-p\text{TBD}} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where, for the purposes of this definition:

"d" is the number of calendar days in:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant €STR Observation Period;

"d₀" is the number of T2 Business Days in:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant €STR Observation Period;

"€STR Observation Period" means in respect of each Applicable Period or Date, the period from, and including, the date falling "p" T2 Business Days preceding the first date in the Applicable Period or Date to, but excluding, the date falling "p" T2 Business Days preceding the Period End Date for the Applicable Period or Date, or such other period as may be specified in the Issue Terms;

"€STR Reference Rate" means in respect of any T2 Business Day, a reference rate equal to the daily euro short-term rate ("€STR") for such T2 Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank, currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the **"ECB's Website"**) (in each case, on or before 9:00 a.m. Central European Time on the T2 Business Day immediately following such T2 Business Day) (or any amended publication time as specified by the administrator of €STR in the €STR benchmark methodology).

"€STR_{i-pTBD}" means the €STR Reference Rate for:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the T2 Business Day falling "p" T2 Business Days prior to the relevant T2 Business Day "i"; and
- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant T2 Business Day "i";

"i" is a series of whole numbers from one to d₀, each representing the relevant T2 Business Day in chronological order from, and including, the first T2 Business Day in:

- (A) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the Applicable Period or Date; or

- (B) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant €STR Observation Period;

" n_i " for any T2 Business Day "i" is the number of calendar days from, and including, such T2 Business Day "i" up to, but excluding, earlier of (i) the following T2 Business Day or (ii) the last day of the Applicable Period or Date or in respect of the final Applicable Period or Date the Redemption Date;

"p", for any €STR Observation Period, is the number of T2 Business Days specified in the applicable Issue Terms;

"**T2 Business Day**" or "**TBD**" means a day on which the T2 System is operating for the purposes of settlements of payments in euro.

- (j) If the Issue Terms specify "**SARON**" for the applicable Interest Benchmark and "**Standard**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Floating Coupon Period based on the SARON reference rate.

Where:

"**SARON**" means, in respect of any Zurich Banking Day, the Swiss Average Rate Overnight for such Zurich Banking Day published by the SARON Administrator on the SARON Administrator Website at the Relevant Time on such Zurich Banking Day;

"**SARON Administrator**" means SIX Index AG or any successor administrator of SARON;

"**SARON Administrator Website**" means the website of the SARON Administrator, currently published on the "SIX Group's website"; and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

- (k) If the Issue Terms specify "**SARON**" " to be the applicable Interest Benchmark and "**Compounded Daily Rate**":

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent on the Applicable Determination Date in respect of such Applicable Period or Date as SARON Compounded in accordance with the following, subject as provided in the Underlying Linked Conditions:

"**SARON Compounded**" means, in respect of an Applicable Period or Date, the rate of return of a daily compound interest investment (with the daily overnight interest rate of the secured funding market for Swiss francs) as calculated by the Calculation Agent on the relevant Applicable Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards):

$$\left[\prod_{i=1}^{d_b} \left(1 + \frac{\text{SARON}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d_c}$$

Where, for the purposes of this definition:

" d_b " means the number of Zurich Banking Days in the relevant SARON Observation Period;

" d_c " means the number of calendar days in the relevant SARON Observation Period;

"***i***" indexes a series of whole numbers from one to d_b , representing the Zurich Banking Days in the relevant SARON Observation Period in chronological order from, and including, the first Zurich Banking Day in such SARON Observation Period;

"***n_i***" means, in respect of any Zurich Banking Day i , the number of calendar days from, and including, the Zurich Banking Day i up to, but excluding, the first following Zurich Banking Day;

"**Observation Period Shift**" is as specified in the applicable Issue Terms;

"***p***" means, for the Applicable Period or Date, the number of Zurich Banking Days specified to be the Observation Period Shift in the applicable Issue Terms;

"**Relevant Time**" means, in respect of any Zurich Banking Day, close of trading on SIX Swiss Exchange on such Zurich Banking Day, which is expected to be at or around 6 p.m. (Zurich time);

"**SARON_{*i*}**" means, in respect of any Zurich Banking Day i , SARON for such Zurich Banking Day i ;

"**SARON**" means, in respect of any Zurich Banking Day, the Swiss Average Rate Overnight for such Zurich Banking Day published by the SARON Administrator on the SARON Administrator Website at the Relevant Time on such Zurich Banking Day;

"**SARON Observation Period**" means, in respect of an Applicable Period or Date, the period from, and including, the date falling " p " Zurich Banking Days prior to the first day of such Applicable Period or Date and ending on, but excluding, the date falling " p " Zurich Banking Days prior to (A) the Period End Date for such Applicable Period or Date or (B) such earlier date on which such Securities become due and payable;

"**SARON Administrator**" means SIX Index AG or any successor administrator of SARON;

"**SARON Administrator Website**" means the website of the SARON Administrator, currently published on the "SIX Group's website";

"**SIX Swiss Exchange**" means SIX Swiss Exchange AG and any successor thereto; and

"**Zurich Banking Day**" means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

- (l) If the Issue Terms specify "**CMS Rate**" for or in respect of the applicable Interest Benchmark, the Interest Benchmark shall be the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Screen Page in respect of the CMS Rate as at the Relevant Time on the Applicable Determination Date in question, all as determined by the Calculation Agent; and if the Screen Page is not available, the applicable CMS Rate will be determined by the Calculation Agent in good faith and using commercially reasonable procedures to produce commercially reasonable results.

If the Screen Page is not available, the Issuer (or an agent appointed by the Issuer) shall request each of the Reference Banks to provide the Issuer (or such agent appointed by the Issuer) with its quotation for the Relevant Swap Rate at approximately the Relevant Time on the Applicable Determination Date in question. If at least three of the Reference Banks provide the Issuer (or such agent appointed by the Issuer) with such quotation, the CMS Rate for such Applicable Period or Date shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Applicable Determination Date fewer than three or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with such quotations as provided in the preceding

paragraph, the CMS Rate shall be determined as at the last preceding Applicable Determination Date (though substituting, where a different Margin, Leverage, Floor and/or Cap is to be applied to the relevant Applicable Period or Date from that which applied to the last preceding Applicable Period or Date, such Margin, Leverage, Floor and/or Cap relating to the relevant Floating Coupon Period, in place of that relating to that last preceding Applicable Period or Date).

For this purpose:

"Fixed Leg Day Count Fraction" means the Day Count Fraction specified as such in the applicable Issue Terms;

"Floating Rate Day Count Fraction" means the Day Count Fraction specified as such in the applicable Issue Terms;

"Floating Leg Rate Option" means the rate option specified as such in the applicable Issue Terms;

"Reference Banks" means (i) where the Reference Currency is euro, the principal office of five leading swap dealers in the euro inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Issuer.

"Relevant Swap Rate" means the mid-market Specified Frequency swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the Specified Fixed Leg, calculated on a Fixed Leg Day Count Fraction, of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term equal to the Designated Maturity commencing on the first day of the Applicable Period or Date and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on the Floating Leg Day Count Fraction, is equivalent to the Floating Leg Rate Option with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

"Specified Fixed Leg" means any of the following as specified in the applicable Issue Terms: (a) annual fixed leg; (b) semi-annual fixed leg; or (c) quarterly fixed leg;

"Specified Frequency" has the meaning given to it in the applicable Issue Terms.

- (m) If the Issue Terms specify **"TEC Rate"** for or in respect of the applicable Interest Benchmark, the Interest Benchmark shall be the applicable rate in the Reference Currency with a TEC Rate Maturity, expressed as a percentage, which appears on the Screen Page in respect of the TEC Rate as at the Relevant Time on the Applicable Determination Date in question, all as determined by the Calculation Agent; and if the Screen Page is not available, the applicable TEC Rate will be determined by the Calculation Agent in good faith and using commercially reasonable procedures to produce commercially reasonable results.

If the Screen Page is not available, the Issuer (or an agent appointed by the Issuer) shall request each of the Reference Banks to provide the Issuer (or such agent appointed by the Issuer) with its quotation for the Relevant Substitution Rate at approximately the Relevant Time on the Applicable Determination Date in question. If at least three of the Reference Banks provide the Issuer (or such agent appointed by the Issuer) with such quotation, the TEC Rate for such Applicable Period or Date shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Applicable Determination Date fewer than three or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with such quotations as provided in the preceding

paragraph, the TEC Rate shall be determined as at the last preceding Applicable Determination Date (though substituting, where a different Margin, Leverage, Floor and/or Cap is to be applied to the relevant Applicable Period or Date from that which applied to the last preceding Applicable Period or Date, such Margin, Leverage, Floor and/or Cap relating to the relevant Floating Coupon Period, in place of that relating to that last preceding Applicable Period or Date).

For this purpose:

"Reference Banks" means principal Paris office of five *Spécialistes en Valeurs du Trésor*, in each case selected by the Issuer;

"Relevant Substitution Rate" means the rate for two reference *Obligations Assimilables du Trésor*, used to determine the TEC Rate;

"TEC Rate Maturity" means the designated maturity for the TEC Rate, as specified in the applicable Issue Terms.

- (n) If the Issue Terms specify **"CMT Rate"** for or in respect of the applicable Interest Benchmark, the Interest Benchmark shall be the applicable rate in the Reference Currency with a CMT Rate Maturity, expressed as a percentage, which appears on the CMT Rate Screen Page in respect of the CMT Rate as at the Relevant Time on the Applicable Determination Date in question, all as determined by the Calculation Agent; and if the Screen Page is not available, the applicable CMT Rate will be determined by the Calculation Agent in good faith and using commercially reasonable procedures to produce commercially reasonable results.

For this purpose:

"CMT Rate" means the rate determined by the Calculation Agent and expressed as a percentage equal to:

(a) the yield for U.S. Treasury Securities at "constant maturity" for the relevant CMT Rate Maturity, as published in the H.15(519) under the caption "Treasury constant maturities (Nominal)", as that yield is displayed, for the Applicable Determination Date on the CMT Rate Screen Page; or

(b) if the yield referred to in (a) above is not published by 4:00 p.m. (New York City time) on the CMT Rate Screen Page on such Applicable Determination Date, the yield for U.S. Treasury Securities at "constant maturity" for the relevant CMT Rate Maturity as published in the H.15(519) under the caption "Treasury constant maturities (Nominal)" for such Applicable Determination Date; or

(c) if the yield referred to in (b) above is not published by 4:30 p.m. (New York City time) on such Applicable Determination Date, the Reset Reference Dealer Rate on the Applicable Determination Date; or

(d) if fewer than three Reference Dealers selected by the Calculation Agent provide bid prices for the purposes of determining the Reset Reference Dealer Rate referred to in (c) above as described in the definition of Reset Reference Dealer Rate, the CMT Rate applicable to the last preceding Applicable Determination Date (though substituting, where a different Margin, Leverage, Floor and/or Cap is to be applied to the relevant Applicable Period or Date from that which applied to the last preceding Applicable Period or Date, such Margin, Leverage, Floor and/or Cap relating to the relevant Floating Coupon Period, in place of that relating to that last preceding Applicable Period or Date);

"CMT Rate Maturity" means the designated maturity for the CMT Rate, as specified in the applicable Issue Terms;

"CMT Rate Screen Page" means the screen page specified as such in the applicable Issue Terms;

"Reference Dealers" means leading primary U.S. government securities dealers in New York City, in each case selected by the Issuer;

"Reset Reference Dealer Rate" means in respect of any Applicable Determination Date, the rate calculated by the Calculation Agent as being a yield-to-maturity based on the arithmetic mean of the secondary market bid prices of the Reference Dealers for Reset U.S. Treasury Securities at approximately 4:30 p.m. (New York City time) on the Applicable Determination Date. The Calculation Agent will select five Reference Dealers to provide such bid prices and will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); provided, however, that, if fewer than five but more than two such bid prices are provided, then neither the highest nor the lowest of those quotations will be eliminated prior to calculating the arithmetic mean of such bid prices;

"Reset U.S. Treasury Securities" means, in respect of any Applicable Determination Date, U.S. Treasury Securities with an original maturity equal to the relevant CMT Rate Maturity, a remaining term to maturity of no more than one year shorter than the relevant CMT Rate Maturity and in a principal amount equal to an amount that is representative for a single transaction in such U.S. Treasury Securities in the New York City market;

"U.S. Treasury Securities" means securities that are direct obligations of the United States Treasury, issued other than on a discount basis.

2.10 **Rate of Interest determined by ISDA Determination**

If specified in the Issue Terms, the following terms apply for determining the Interest Benchmark for a relevant Coupon Period or other relevant period or date ("**Applicable Period or Date**") on a Coupon Determining Date or any other Underlying Valuation Date ("**Applicable Determination Date**"), as the case may be:

the Interest Benchmark for each Applicable Period or Date will be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Issue Terms) the Margin (if any).

For purposes of this 2.10, "**ISDA Rate**" means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement:

- (a) if "2006 ISDA Definitions" is specified in the applicable Issue Terms, the 2006 ISDA Definitions (as amended, supplemented and updated as at the Issue Date of the first Tranche of the Securities), published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"); or
- (b) if "2021 ISDA Definitions" is specified in the applicable Issue Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Securities, (both, the "**ISDA Definitions**") and under which:
 - (i) the Floating Rate Option is as specified in the applicable Issue Terms,
 - (ii) the Designated Maturity (if applicable) is the period set out in the applicable Issue Terms,
 - (iii) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the EURIBOR (or any successor or replacement rate) for a currency, the first day of that Floating Coupon Period or (II) in any other case, as specified in the applicable Issue Terms;
- (c) if the Floating Rate Option is an Overnight Floating Rate Option and Compounding Method is specified to apply in the applicable Issue Terms, the Overnight Rate Compounding Method will be one of the following, as specified in the applicable Issue Terms:
 - (i) Compounding with Lookback;
 - (ii) Compounding with Observation Period Shift; or
 - (iii) Compounding with Lockout;

- (d) if the Floating Rate Option is an Overnight Floating Rate Option and Averaging is specified to apply in the applicable Issue Terms, the Overnight Averaging Method will be one of the following, as specified in the applicable Issue Terms:
 - (i) Averaging with Lookback;
 - (ii) Averaging with Observation Period Shift; or
 - (iii) Averaging with Lockout;
- (e) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method will be Compounded Index Method with Observation Period Shift as specified in the applicable Issue Terms;
- (f) if the 2021 ISDA Definitions apply, (i) any fallbacks that would otherwise be required to be determined in accordance with Section 8.6 (Generic Fallback Provisions) of the 2021 ISDA Definitions shall not be so determined, but shall instead be determined in accordance with Underlying Linked Conditions and (ii) if Administrator/Benchmark Event is specified in the Floating Rate Matrix in respect of the relevant Floating Rate Option, Interest Benchmark Linked Condition 4 (*Early Redemption for Administrator/Benchmark Event*) shall apply in place of the provisions relating to Administrator/Benchmark Event and the Administrator/ Benchmark Fallback in the 2021 ISDA Definitions, and the 2021 ISDA Definitions shall be construed accordingly;
- (g) if the 2021 ISDA Definitions apply, Period End Date / Termination Date adjustment for Unscheduled Holiday (as defined in the 2021 ISDA Definitions) will apply if specified in the applicable Issue Terms to be applicable;
- (h) if the 2021 ISDA Definitions apply, Non-Representative (as defined in the 2021 ISDA Definitions) will apply if specified in the relevant Issue Terms to be applicable; and
- (i) if the 2021 ISDA Definitions apply, Successor Benchmark and Successor Benchmark Effective Date (as defined in the 2021 ISDA Definitions) will apply if specified in the applicable Issue Terms to be applicable.

Subject to sub-paragraph (f) above, the ISDA Definitions contain provisions for determining the applicable Floating Rate (as defined below) (including Supplement 70 to the 2006 ISDA Definitions and Section 9 of the 2021 ISDA Definitions (Bespoke Triggers and Fallbacks)) in the event that the specified Floating Rate is not available.

For the purposes of this Payout Condition 2.10, "Floating Rate", "Floating Rate Option", "Floating Rate Matrix", "Designated Maturity", "Rate Option", "Reset Date", "Overnight Floating Rate Option", "Overnight Rate Compounding Method", "Compounding with Lookback", "Compounding with Observation Period Shift", "Compounding with Lockout", "Averaging with Lookback", "Averaging with Observation Period Shift", "Averaging with Lockout", "Generic Fallback Provisions", "Compounded Index Floating Rate Option", "Index Method" and "Compounded Index Method with Observation Period Shift" have the meanings given to those terms in the applicable ISDA Definitions.

With respect to Securities where ISDA Determination is specified in the applicable Issue Terms as the manner in which the Interest Benchmark is to be determined, the Issuer hereby agrees that it shall not name Citibank Europe plc or any of its affiliates as calculation agent in any Issue Terms and/or any other transaction document for such Series of Securities.

2.11 Zero Coupon

If the Issue Terms specify "Zero Coupon" as applicable, the Securityholder will receive no payments related to Coupons under the Securities (such Securities, "**Zero Coupon Securities**"). However, the Securities will be issued at a discount. The difference between the Notional Amount paid on the Redemption Date and the Discounted Notional Amount represents the yield on the Securities.

2.12 Additional Definitions for Interest Benchmarks

"Calculation Method" means either Compounded Daily Rate, Compounded Index Rate, Compounded SOFR, SOFR Index, Compounded €STR, SARON Compounded, as specified in the applicable Issue Terms.

"Determination Period" means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Coupon Commencement Date or the final 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).

"Effective Date" means, with respect to any Interest Benchmark to be determined on an Applicable Determination Date, the date specified as such in the applicable Issue Terms or, if none is so specified, the first day of the Applicable Period or Date to which such Applicable Determination Date relates.

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

"Euro-zone" means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

"Floating Coupon Period" means, in respect of a Floating Coupon, (i) the period beginning on, and including, the Coupon Commencement Date and ending on, but excluding, the first Period End Date thereafter and, if so specified in the Issue Terms, each successive period for the Floating Coupon beginning on, and including, a Period End Date and ending on, but excluding, the next succeeding Period End Date; and (ii) such other period (if any) in respect of which interest is to be calculated being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, in the case of the scheduled final or early redemption of any Securities, shall be the date for redemption).

"Floating Coupon Payment" means, in respect of a Floating Coupon, the amount payable per Notional Amount calculated in accordance with Payout Condition 2.8(e) or as specified in the applicable Issue Terms. If "Currency Conversion" applies, the Floating Coupon Payment under the Securities shall be converted into the Reference Currency at the Currency Exchange Rate on the Underlying Valuation Date.

"Interest Benchmark" means, subject to adjustment in accordance with the Interest Benchmark Linked Conditions, each interest benchmark specified in the Issue Terms for the Securities either

- (i) based on its published value or
- (ii) based on a certain calculation method using one or more values of a published interest period over a certain period of time,

each as specified in accordance with the terms for Screen Rate Determination or the terms for ISDA Determination specified in the Issue Terms, and related expressions shall be construed accordingly. In particular, any of the following may be an Interest Benchmark:

- (a) EURIBOR;
- (b) SONIA;
- (c) SOFR;
- (d) €STR;
- (e) SARON;

- (f) CMS Rate;
- (g) TEC Rate;
- (h) CMT Rate.

"Interest Period" means also Floating Coupon Period, if the context so requires.

"Observation Method" means either Lag or Shift, as specified in the applicable Issue Terms.

"Period End Date" means the date or each of the dates specified in the Issue Terms.

"Primary Source" means the source specified as such in the applicable Issue Terms.

"Reference Banks" means, unless otherwise defined in Payout Condition 2.9 (*Definitions applicable to Screen Rate Determination*), the institutions specified as such in the applicable Issue Terms or, if none, four major banks (which are unaffiliated with the Issuer) selected by the Issuer in the interbank market (or, if appropriate, money market) which are most closely connected with the Benchmark (which, if EURIBOR or €STR is the relevant Benchmark, shall be the interbank market of the Euro-zone).

"Relevant Financial Centre" means, with respect to any Interest Benchmark to be determined in accordance with a Screen Rate Determination on an Applicable Determination Date, the financial centre as may be specified in the applicable Issue Terms or, if none is so specified, the financial centre with which the Benchmark is most closely connected (which, in the case of EURIBOR and €STR, shall be the Euro-zone) or, if none is so connected, London.

"Relevant Rate" means the Interest Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Interest Benchmark) equal to the Specified Duration commencing on the Effective Date determined in accordance with the Primary Source specified in the applicable Issue Terms.

"Relevant Time" means, with respect to any Applicable Determination Date, the local time in the Relevant Financial Centre specified in the applicable Issue Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre (and for this purpose **"local time"** means with respect to the Euro-zone as a Relevant Financial Centre, Central European time).

"Representative Amount" means, with respect to any Interest Benchmark to be determined on an Applicable Determination Date, the amount specified in the applicable Issue Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Money 3000 Service (**"Reuters"**)) as may be specified in the Issue Terms for the purpose of providing a Relevant Rate or Interest Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be specified by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate or Interest Benchmark.

"Specified Duration" means, with respect to any Interest Benchmark to be determined in accordance with a Screen Rate Determination on an Applicable Determination Date, the duration specified in the applicable Issue Terms or, if none is specified, a period of time equal to the Applicable Period or Date.

"T2 System" means the Real-Time Gross Settlement System operated by the Eurosystem (T2) (or any successor system thereto).

"Underlying Determination Date" means, with respect to a Floating Coupon and a Floating Coupon Period, the date specified as such in the Issue Terms or, if none is so specified, (i) the first day of such Floating Coupon Period if the Specified Currency is Sterling or (ii) the day falling two T2 Business Days prior to the first day of such Floating Coupon Period if the Specified Currency is euro.

2.13 Business Day Convention

If any date referred to in these Payout 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 is in respect to all or, if so specified in the Issue Terms, in respect to specific Interest Periods,

- (i) the Floating Rate 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 (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,
- (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,
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day, or
- (v) No Adjustment, such date shall not be adjusted in accordance with any Business Day Convention,

provided that if ISDA Determination, "2021 ISDA Definitions" and "Unscheduled Holiday" are applicable in the applicable Issue Terms, then in the case where Modified Following Business Day Convention, Modified Business Day Convention, Preceding Business Day Convention, FRN Convention, Floating Rate Convention or Eurodollar Convention apply to a particular date and that date would otherwise fall on a day that is not a Business Day as a result of an Unscheduled Holiday (as defined in the 2021 ISDA Definitions but disregarding references to Valuation Business Day and Exercise Business Day and construing references to the Confirmation to mean the applicable Issue Terms) notwithstanding the provisions of (ii) to (iv), such day will instead fall on the first following day that is a Business Day.

2.14 Blended Coupon

If the Issue Terms specify "Blended Coupon" as "applicable", the Issue Terms will specify two or more of the methods for determining Coupons in this Payout Condition 2 as Potential Coupons. On the Blended Coupon Payment Date, Securityholder will receive the Coupons calculated in accordance with one of the following methods, as specified in the Issue Terms:

Best:	The Securityholder will receive that one of the Potential Coupons which results in the highest amount of Coupons, as determined by the Calculation Agent with respect to the Blended Coupon Payment Date.
Worst:	The Securityholder will receive that one of the Potential Coupons which results in the lowest amount of Coupons, as determined by the Calculation Agent with respect to the Blended Coupon Payment Date.

Weighted:	The Securityholder will receive the sum of the Potential Coupons multiplied by their respective Potential Coupon Weight, which may also be negative, as determined by the Calculation Agent with respect to the Blended Coupon Payment Date.

The Securityholder will not receive any Coupons before the Best-of Coupon Payment Date and in the case of "Best" or "Worst" the Securityholder will not receive any Coupons from the method(s) specified which do not result in the highest or lowest amount of Coupons, respectively.

2.15 Drop-back Coupon

On the Coupon Payment Date(s), the Securityholder will receive a Coupon_j determined for the Coupon Valuation Period j in accordance with the following formula:

$$\text{Coupon}_j = [\text{Notional Amount}][\bullet][\text{DP Coupon Rate}]$$

$$[\bullet] \left[\left(\sum_{i=1}^{K_j} [\text{Investment Amount}_i][\bullet] \frac{[\text{ActDays}_i^j]}{[\text{TotalDays}^j]} \right) [\bullet] \left([\text{Equity Amount}][\bullet] \sum_{i=1}^{K_j} [\text{Investment Amount}_i] \right) \right]$$

"**ActDays_i^j**" means, with respect to a Coupon Valuation Period j, the actual number of Scheduled Trading Days from the Scheduled Trading Day immediately following the Coupon Valuation Date of the preceding Coupon Valuation Period (and with respect to the Coupon Valuation Period j=1, the Coupon Valuation Start Date) (excluded) to the occurrence of the relevant Investment Event (included).

"**Coupon Valuation Start Date**" will be specified in the Issue Terms.

"**DP Coupon Rate**" will be specified in the Issue Terms.

"**Equity Amount**" will be specified in the Issue Terms.

"**Investment Amount**" will be specified in the Issue Terms.

"**Investment Event**" will occur if on any Coupon Valuation Date during the Coupon Valuation Period, the Coupon Observation Value is (i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Investment Event in the Issue Terms, the relevant Trigger Barrier for the first time. For the avoidance of doubt, two or more Investment Event can occur on each Coupon Valuation Date, in case the Coupon Observations Value (i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than** or (iv) **lower than or equal to**, depending on which is specified as the Condition for the Investment Event in the Issue Terms, more than one Trigger Barrier specified for such Coupon Valuation Date for the first time on that Coupon Valuation Date.

"**K_j**" means the number of Investment Events which have occurred between the Strike Date (excluded) and the relevant Coupon Valuation Date (included) for Coupon Valuations Periods for which j is equal to or greater than 1.

"**TotalDays^j**" means, with respect to a Coupon Valuation Period j, the total number of Scheduled Trading Days from the Scheduled Trading Day immediately following the Coupon Valuation Date of the preceding Coupon Valuation Period (and with respect to the Coupon Valuation Period j=1, the Coupon Valuation Start Date) (excluded) to the current Coupon Valuation Date.

"**Trigger Barrier**" means the Trigger Barrier or Trigger Barriers specified as such in the Issue Terms.

2.16 Definitions applicable to Coupon Features

"**Blended Coupon Payment Date**" will be specified in the Issue Terms.

"**Cap**" will be specified in the Issue Terms.

"**Conditional Coupon Barrier**" will be specified in the Issue Terms.

"**Conditional Coupon Lock-in Barrier**" will be specified in the Issue Terms.

"**Coupon Lock-in Value**" means the Reference Price on a Lock-in Date.

"**Conditional Coupon Rate**" will be specified in the Issue Terms.

"**Coupon Amount**" will be specified in the Issue Terms.

"**Coupon Commencement Date**" means the date of issue of the Securities (the "**Issue Date**") or such other date as may be specified in the applicable Issue Terms.

"**Coupon Observation Value**" means the Reference Price on a Coupon Valuation Date.

"**Coupon Payment Dates**" will be specified in the Issue Terms.

"**Coupon Period**" means (i) the period beginning on, and including, the Coupon Commencement Date and ending on, but excluding, the first Coupon Payment Date thereafter and, if so specified in the Issue Terms, each successive period beginning on, and including, an Coupon Payment Date and ending on, but excluding, the next succeeding Coupon Payment Date; and/or (ii) such other period (if any) in respect of which interest is to be calculated being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due.

"**Coupon Valuation Dates**" will be specified in the Issue Terms, subject to postponement if a Market Disruption Event occurs.

"**Coupon Valuation Period**" will be specified in the Issue Terms.

"**Day Count Fraction**" means, if specified as "applicable" in the Issue Terms, in respect of the calculation of an amount of interest on any Security for any period of time (from and including the first day of such period to but excluding the last) not comprising a complete year (whether or not constituting an Floating Coupon Period, the "**Calculation Period**") or, if so specified in the Issue Terms, in respect to specific periods of time:

- (a) If "**Actual/365**" or "**Actual/Actual (ISDA)**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if "**Actual/365 (Fixed)**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365;
- (c) if "**Actual/365 (Sterling)**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 or, in the case the last day of the Calculation Period falls in a leap year, 366;
- (d) if "**Actual/360**" is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**", "**360/360**" or "**Bond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where,

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

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

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

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

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

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

if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where,

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

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

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

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

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

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

- (f) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where,

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

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

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

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

"**D₁**" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless (i) that day is the last day of February but not the Redemption Date or (ii) such number would be 31, in which case D2 will be 30; and

- (g) if "**Actual/Actual (ICMA)**" is specified in the applicable Issue Terms,
 - (i) where the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; or
 - (ii) in the case of Securities where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; and
 - (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

"**Fixed Rate**" means the fixed rate of interest payable from time to time in respect of the Securities and which is either specified in the Issue Terms, or otherwise calculated in accordance with the provisions hereof.

"**Floating Rate**" means the floating rate of interest payable from time to time in respect of the Securities and which is either specified in the Issue Terms, or calculated in accordance with the provisions hereof.

"**Floor**" will be specified in the Issue Terms.

"**Margin**" will be specified in the Issue Terms.

"**Monthly Rebate Amount**" will be specified in the Issue Terms.

"**Leverage**" will be specified in the Issue Terms.

"**Lock-in Dates**" will be specified in the Issue Terms, subject to postponement if a Market Disruption Event occurs.

"**Lock-in Event**" occurs with respect to any Lock-in Date, if the Coupon Lock-in Value is (i) **greater than**, (ii) **greater than or equal to**, (iii) **lower than or** (iv) **lower than or equal to**, depending on which is specified as the Condition for the Lock-in Event in the Issue Terms, the Conditional Coupon Lock-in Barrier on such Lock-in Date.

"**Potential Coupons**" will be specified in the Issue Terms.

"**Potential Coupon Weight**" will be specified in the Issue Terms.

"Underlying Reference" will be the Reference Price or the Performance of the Underlying, as specified in the Issue Terms.

3. **Call, Securityholders Optional Early Redemption and Knock-in Features**

The Issue Terms will indicate the Call, Securityholders Optional Early Redemption and Knock-in Feature applicable to the Securities.

In the case of an exercise of the Issuer Call in respect of a holding or part of a holding of Registered Securities represented by a single Registered Security, a new Registered Security shall be issued to the Securityholder to reflect the exercise of such option, certifying the balance of the holding with respect to which the Issuer Call, respectively, was not exercised. In the case of a partial exercise of an Issuer Call resulting in Registered Securities of the same holding having different terms, separate Registered Securities shall be issued in respect of those Securities of that holding that have the same terms. New Registered Securities shall only be issued against surrender of the existing Registered Securities to the Registrar. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Registered Security representing the enlarged holding shall only be issued against surrender of the Registered Security representing the existing holding. The provisions of this Payout Condition 3 do not apply to Dematerialised Securities.

The following Call, Securityholders Optional Early Redemption and Knock-in Features may be specified in the Issue Terms:

3.1 **Automatic Early Redemption**

If the Issue Terms specify Automatic Early Redemption as "applicable", it means that the Securities may be redeemed by the Issuer in whole prior to maturity.

The Securities will be automatically redeemed early in whole prior to maturity if the Observation Value of the Underlying is:

(a) greater than, (b) greater than or equal to, (c) lower than or (d) lower than or equal to, depending on which is specified as the Condition for Automatic Early Redemption in the Issue Terms,

its Automatic Early Redemption Level (i) on any Automatic Early Redemption Valuation Date(s) or (ii) within the Automatic Early Redemption Valuation Period, as specified in the Issue Terms. If the Securities are redeemed early, the Exit Rate will be paid on the applicable Early Redemption Date and the Securities will cease to be outstanding.

3.2 **Automatic Early Redemption for Target Coupon**

If the Issue Terms specify Automatic Early Redemption for Target Coupon as "applicable", it means that the Securities shall be redeemed by the Issuer in whole prior to maturity if the Cumulative Coupon is:

(a) greater than, (b) greater than or equal to, (c) lower than or (d) lower than or equal to, depending on which is specified as the Condition for Automatic Early Redemption in the Issue Terms,

the Coupon Target Level (i) on any Automatic Early Redemption Valuation Date or (ii) within the Automatic Early Redemption Valuation Period, as specified in the Issue Terms. If the Securities are redeemed early, the Exit Rate will be paid on the applicable Early Redemption Date and the Securities will cease to be outstanding.

3.3 **Issuer Call**

If the Issue Terms specify Issuer Call as "applicable", it means that the Securities are callable by the Issuer in whole prior to maturity. To call the Securities, the Issuer will give notice to the Paying Agent at least 10 Business Days but not more than 45 calendar days before the applicable Call Payment Date. If the Securities are redeemed early, the Securityholder will receive the Call Payment on the applicable Call Payment Date and the Securities will cease to be outstanding.

3.4 Securityholders Optional Early Redemption

This Payout Condition 3.4 is not applicable to Bail-inable Securities.

If a Securityholders Optional Early Redemption is specified as being applicable in the Issue Terms, the Securityholder may elect to require the Issuer to redeem the Securities in whole but not in part at the Securityholder Early Redemption Amount (or as otherwise specified in the Issue Terms) on the Securityholders Optional Early Redemption Date by giving not less than 15 nor more than 30 Business Days' notice (or as otherwise specified in the Issue Terms) ("**Securityholders' Option Period**"), subject to Securityholder's compliance with the following procedures.

To exercise such option, the Securityholder must instruct its broker or other person through which the Securities are held to take the following steps:

- Send a notice of redemption to the Issuer via email at globalstructuredproducts-legal@bnc.ca (with a copy to globalstructuredproducts@bnc.ca) with "Securityholder Redemption – [ISIN of the Securities]" as the subject line (the "**Redemption Notice**"). The Redemption Notice must be received by the Issuer in due time and the Issuer must acknowledge receipt of such notice on the same Business Day for it to be effective.
- Instruct the custodian to book a delivery versus payment trade with respect to the Securities on the Securityholders Optional Early Redemption Date at a price equal to the Securityholder Early Redemption Amount; and
- Cause the custodian to deliver the trade as booked for settlement via the clearing house at or prior to 10:00 a.m., New York City time, on the Securityholders Optional Early Redemption Date.

No Security or Registered Security so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For greater certainty, if the Securityholder exercise such option, the Issuer shall redeem such Securityholder's Securities in whole but not in part and such redemption will not impact the other Securityholders. The Securityholder is deemed to have irrevocably waived its right to request the Securityholders Optional Early Redemption after the expiration of the Securityholders' Option Period if it has not notified the relevant Dealer of the intention to request the Securityholders Optional Early Redemption.

3.5 Early Redemption Amount with respect to Zero Coupon Securities

With respect to Zero Coupon Securities only:

- (a) The Early Redemption Amount payable in respect of any Security shall be the Amortised Face Amount (calculated as provided below) of such Security.
- (b) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount (the "**Amortised Face Amount**") of any such Security shall be the scheduled Redemption Amount of such Security on the Redemption Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as specified in the Issue Terms) applied in a compounded or non-compounded basis as specified in the applicable Issue Terms (which, if none is shown in the applicable Issue Terms, shall be such rate (compounded annually) as would produce an Amortised Face Amount equal to the issue price of the Securities if they were discounted back to their issue price on the Issue Date). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Issue Terms.

If the Early Redemption Amount payable in respect of any such Security upon its redemption or upon it becoming due and payable as provided in General Condition 8 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Security shall be the Amortised Face Amount of such Security as defined in sub-paragraph (ii) above, except that such sub-paragraph

shall have effect as though the reference therein to the date on which the Security becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgement), until the Relevant Date unless the Relevant Date falls on or after the Redemption Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Security on the Redemption Date together with any interest which may accrue in accordance with General Condition 5 (*Payments and Talons*).

3.6 Knock-in Event

If the Issue Terms specify Knock-in Event as "applicable" and a Knock-in Event has occurred on a Knock-in Valuation Date, the Securityholder will receive an amount calculated in accordance with the following formula on the respective Knock-in Payment Date:

$$[\text{Notional Amount}] [\bullet] [\text{Knock-in Ratio}]$$

3.7 Definitions applicable to Call, Securityholders Optional Early Redemption and Knock-in Features

"**Automatic Early Redemption Level**" will be specified in the Issue Terms.

"**Automatic Early Redemption Valuation Dates**" will be specified in the Issue Terms, subject to postponement if a Market Disruption Event occurs.

"**Automatic Early Redemption Valuation Period**" will be specified in the Issue Terms.

"**Call Payment**" will be specified in the Issue Terms.

"**Call Payment Dates**" will be specified in the Issue Terms.

"**Coupon Target Level**" will be specified in the Issue Terms.

"**Cumulative Coupons**" means with respect to any Automatic Early Redemption Valuation Date the aggregate of (i) the sum of all amounts paid as Coupons prior to such Automatic Early Redemption Valuation Date and (ii) the Coupons due on the Coupon Payment Date immediately following such Automatic Early Redemption Valuation Date, expressed as a percentage of the Notional Amount.

"**Early Redemption Dates**" will be specified in the Issue Terms.

"**Exit Rate**" will be specified in the Issue Terms.

"**Fixed Return**" will be specified in the Issue Terms.

"**Knock-in Event**" has occurred, if:

- (a) in case Daily Observation is specified as the Knock-in Observation Method: at the Knock-in Valuation Time on any Knock-in Valuation Date,
- (b) in case Continuous Observation is specified as the Knock-in Observation Method: at any time on any Knock-in Valuation Date,

the Reference Price is (a) greater than, (b) greater than or equal to, (c) lower than or (d) lower than or equal to, depending on which is specified as the Condition for Knock-in Event in the Issue Terms, the Knock-in Level.

"**Knock-in Level**" will be specified in the Issue Terms.

"**Knock-in Payment Date**" will be specified in the Issue Terms.

"**Knock-in Observation Method**" will be specified in the Issue Terms.

"Knock-in Ratio" will be specified in the Issue Terms.

"Knock-in Valuation Date" will be specified in the Issue Terms.

"Knock-in Valuation Time" will be specified in the Issue Terms.

"Observation Value" means the Reference Price on an Automatic Early Redemption Valuation Date.

"Securityholder Early Redemption Amount" means, except as otherwise specified in the Issue Terms, an amount determined by the Calculation Agent in good faith and on such basis as it considers fair and reasonable in the circumstances, to be equal to the fair market value of the Securities on the tenth (10th) Business Day prior to the Securityholders Optional Early Redemption Date (ignoring the early redemption of the Security), plus or minus any related hedging gains or costs.

"Securityholders Optional Early Redemption Dates" means, except as otherwise specified in the Issue Terms, the day falling 90 calendar days after the Issue Date (excluding) and if such day is not a T2 Business Day, the next day following that day which is a T2 Business Day.

4. **Quanto and Compo Features**

This Payout Condition 4 (*Quanto and Compo Features*) applies to all Product Types. The Issue Terms will indicate the Quanto/Compo Feature applicable to the Securities. The following Quanto and Compo Features may be specified in the Issue Terms:

4.1 **Non-Quanto**

If the Issue Terms specify Quanto/Compo Feature as "Non-Quanto", the Underlying Currency is the same as the Specified Currency and no conversion will be made by the Calculation Agent.

4.2 **Quanto**

If the Issue Terms specify Quanto/Compo Feature as "Quanto", the Underlying Currency is **not** the same as the Specified Currency and hedging is provided with regard to the changes in the relative values of the Underlying Currency and the Specified Currency.

In this case, all monetary amounts payable under the Securities or certain specific amounts payable under the Securities and specified in the Issue Terms shall be converted into the Specified Currency. The conversion shall use a Currency Exchange Rate of 1:1, i.e. one unit of the Underlying Currency shall correspond to one unit of the Specified Currency.

4.3 **Compo**

If the Issue Terms specify Quanto/Compo Feature as "Compo", the Underlying Currency is **not** the same as the Specified Currency and **no** hedging is provided with regard to the changes in the relative values of the Underlying Currency and the Specified Currency. Exchange rate movements will therefore be taken into account when calculating the amounts payable under the Securities.

In this case, all monetary amounts payable under the Securities or certain specific amounts payable under the Securities and specified in the Issue Terms shall be converted into the Specified Currency at the Currency Exchange Rate on the Underlying Valuation Date.

5. Downside Features

The Issue Terms will indicate the Downside Feature applicable to the Securities by setting out the consolidated terms of the Downside Feature based on the following options. In each case, if Physical Delivery applies, the Securityholder will receive the Physical Delivery Amount of the Deliverable Underlying and the Residual Cash Amount (if any). The Physical Delivery Amount will be based on the Conversion Ratio Rounded), as specified in the Issue Terms.

5.1 No Principal Protection Securities

Unless Physical Delivery applies, the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] \left[[1] [\bullet] [\text{Gearing Rate}] [\bullet] \left(\frac{[\text{Final Reference Price}] [\bullet] [\text{Initial Reference Price}]}{[\text{Initial Reference Price}] [\bullet]} \right) \right]$$

5.2 (Partially) Principal Protected Securities

Unless Physical Delivery applies, the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] [\text{Max, Min}] \left\{ [\bullet] \left(\frac{[\text{Protected Amount}], [\bullet] [\text{Gearing Rate}]}{[\text{Initial Reference Price}]} \right) [\bullet] [1] \right\} [\bullet]$$

5.3 Barrier Securities

- (a) Unless Physical Delivery applies, if a Barrier Event **[has]****[has not]** occurred, the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] [\text{Return Factor}] [\bullet]$$

$$[\text{Notional Amount}] [\bullet] \left[\text{Gearing Rate} [\bullet] \left(\frac{[\text{Final Reference Price}] [\bullet] [\text{Initial Reference Price}]}{[\text{Initial Reference Price}]} \right) [\bullet] [1] \right]$$

- (b) Unless Physical Delivery applies, if a Barrier Event **[has]****[has not]** occurred, the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] [\text{Return Factor}] [\bullet]$$

$$[\text{Notional Amount}] [\bullet] \left[\text{Gearing Rate} [\bullet] \left(\frac{[\text{Final Reference Price}] [\bullet] [\text{Initial Reference Price}]}{[\text{Initial Reference Price}]} \right) [\bullet] [1] \right]$$

5.4 Buffer Securities

- (a) Unless Physical Delivery applies, if the [Final Reference Price] is **[greater than or equal to]****[greater than]****[lower than]****[lower than or equal to]** the Buffer Threshold Value, the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] [\text{Return Factor}]$$

$$[\text{Notional Amount}] [\bullet] \left[\frac{([\text{Final Reference Price}] [\bullet] [\text{Buffer Threshold Value}]) [\bullet] [\text{Gearing rate}]}{[1] [\bullet] [\text{Initial Reference Price}]} \right]$$

- (b) Unless Physical Delivery applies, if the [Final Reference Price] is [**greater than or equal to**][**greater than**][**lower than**][**lower than or equal to**] the Buffer Threshold Value, the Securityholder will receive an amount calculated in accordance with the following formula:

[Notional Amount] [●] [Return Factor]

$$\left[\text{[Notional Amount]} [\bullet] \frac{([\text{Final Reference Price}] [\bullet] [\text{Buffer Threshold Value}]) [\bullet] [\text{Gearing rate}]}{[\text{Initial Reference Price}]} \right]$$

5.5 Definitions applicable to Downside Features

"**Barrier Event**" has occurred if the [[Final] Reference Price] [**is higher than or equal to**][**is higher than**][**falls below**][**falls below or is equal to**] the Barrier Level [on any day during the Barrier Observation Period][at any time during the Barrier Observation Period].

"**Barrier Level**" will be specified in the Issue Terms.

"**Barrier Observation Period**" will be specified in the Issue Terms as either the time between the Barrier Start Date (excluded) and the Barrier End Date (included) or as otherwise specified in the Issue Terms.

"**Buffer Threshold Value**" will be specified in the Issue Terms.

"**Gearing Rate**" will be specified in the Issue Terms.

"**Protected Amount**" will be specified in the Issue Terms.

"**Return Factor**" will be specified in the Issue Terms.

6. Underlying Features of Structured Securities

The Issue Terms will indicate the Underlying Feature applicable to the Securities. The Issue Terms may also specify that different Underlying Features apply with respect to the determinations made under different sections of these Payout Conditions for Structured Securities.

6.1 Single Name

If the Underlying Feature is specified as "Single Name" in the Issue Terms, the following applies:

"Reference Price" means the Level.

6.2 Weighted Basket

If the Underlying Feature is specified as "Weighted Basket" in the Issue Terms, the following applies:

"Reference Price" means the sum of the respective Levels of the individual Underlyings set out in the Issue Terms multiplied by their respective weights, as specified in the Issue Terms, which may also be negative.

6.3 Worst-of

If the Underlying Feature is specified as "Worst-of" in the Issue Terms, the Reference Price and the Performance of the Underlying of each individual Underlying set out in the Issue Terms will be calculated, where **"Reference Price"** means the Level of the individual Underlying. The relevant Reference Price will be the Reference Price of the Underlying which has the lowest Performance of the Underlying calculated in that way.

6.4 Dividend Yield

If the Underlying Feature is specified as "Dividend Yield" in the Issue Terms, the Reference Price will be calculated in accordance with the following formula:

$$\frac{\text{Level of Underlying}_{1;t}}{\text{Max}(\text{Level of Underlying}_{2;t-i}; \text{Div}_{\text{Floor}})}$$

Where:

"Div_{Floor}" will be specified in the Issue Terms, if applicable.

"Level of Underlying_{1;t}" means the Level of Underlying₁, as specified in the Issue Terms, with respect to such Underlying Valuation Date.

"Level of Underlying_{2;t-i}" means the Level of Underlying₂, as specified in the Issue Terms, with respect to the day preceding such Underlying Valuation Date by the Set-off Period, unless no Level is available with respect to Underlying₂ in respect of such date in which case the relevant day shall be the next day following such day preceding such Underlying Valuation Date on which a Level with respect to Underlying₂ is available.

"Set-off Period" will be specified in the Issue Terms.

6.5 Alpha

If the Underlying Feature is specified as "Alpha" in the Issue Terms, the Reference Price will be calculated in accordance with the following formula:

$$\sum_{i=1}^{n_{UL}} \frac{1}{n_{UL}} \times \frac{\text{Best}_t}{\text{Best}_{\text{initial}}} - \frac{\text{Index}_t}{\text{Index}_{\text{initial}}}$$

"**n_{UL}**" means the number of the best performing components constituting the Underlying which are taken into account for calculating the Reference Price.

"**Best_t**" means the respective Level of each of the best performing components constituting the Underlying with respect to the Underlying Valuation Date.

"**Best_{initial}**" means the respective Level of each of the best performing components constituting the Underlying on the Strike Date.

"**Index_t**" means the Level of the Underlying with respect to the Underlying Valuation Date.

"**Index_{initial}**" means the Level of the Underlying on the Strike Date.

6.6 Initial Reference Price Method and Final Reference Price Method

Regardless of the Underlying Feature specified in the Issue Terms, the Issue Terms will specify the applicable Initial Reference Price Method and Final Reference Price Method:

Initial Reference Price Method and Final Reference Price Method	Initial Reference Price	Final Reference Price
Single	The Reference Price on the Strike Date.	The Reference Price on the Redemption Valuation Date
Averaging	The arithmetic mean of the Reference Prices determined with respect to the Striking Period	The arithmetic mean of the Reference Prices determined with respect to the Redemption Valuation Period
Highest	The highest Reference Price determined with respect to the Striking Period	The highest Reference Price determined with respect to the Redemption Valuation Period
Lowest	The lowest Reference Price determined with respect to the Striking Period	The lowest Reference Price determined with respect to the Redemption Valuation Period

Different types of methods may be specified in the Issue Terms for the Initial Reference Price and the Final Reference Price with respect to the same Security, e.g. the specified Initial Reference Price Method may be "Single" and the specified Final Reference Price Method "Highest".

6.7 Definitions applicable to all Underlying Features

"**Absolute Final Performance of the Underlying**", means the absolute value of the Final Performance of the Underlying.

"**Final Performance of the Underlying**", expressed as a percentage, is calculated by dividing the difference between the Final Reference Price and the Initial Reference Price by the Initial Reference Price.

"**Final Reference Price**" means the Final Reference Price determined in accordance with the applicable Final Reference Price Method.

"**Final Reference Price Method**" will be specified in the Issue Terms as Single, Averaging, Highest or Lowest.

"**Initial Reference Price**" means the Initial Reference Price determined in accordance with the applicable Initial Reference Price Method.

"Initial Reference Price Method" will be specified in the Issue Terms as Single, Averaging, Highest or Lowest.

"Level" has the meaning given to it in the Underlying Specific Conditions.

"Performance of the Underlying", expressed as a percentage, is calculated by dividing the difference between the Reference Price and the Initial Reference Price by the Initial Reference Price.

"Redemption Valuation Date" will be specified in the Issue Terms.

"Redemption Valuation Period" will be either (i) any day for which the Reference Price is available within a period specified by a start date and an end date (and including both dates) or (ii) a list of dates, in each case as specified in the Issue Terms.

"Strike Date" will be specified in the Issue Terms.

"Striking Period" will be either (i) any day for which the Reference Price is available within a period specified by a start date and an end date (and including both dates) or (ii) a list of dates, in each case as specified in the Issue Terms.

7. Redemption Features of Structured Securities

The Issue Terms will indicate the Redemption Feature applicable to the Securities by setting out the consolidated terms of the Redemption Feature based on the following options. In each case, if Physical Delivery applies, the Securityholder will receive the Physical Delivery Amount of the Deliverable Underlying and the Residual Cash Amount (if any). The Physical Delivery Amount will be based on the Conversion Ratio (Rounded), as specified in the Issue Terms.

7.1 Static

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] [\text{Redemption Factor}]$$

7.2 Participation (with Cap and without Cap)

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

- (a) [(i)] If the [Final Reference Price] is **greater than or equal to** [greater than][lower than][lower than or equal to] the Threshold Level, the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] \left[\frac{[\text{Constant}] [\bullet] [\text{Participation Rate}] [\bullet] [\text{Final Reference Price}] [\bullet] [\text{Initial Reference Price}]}{[\text{Initial Reference Price}]} [\bullet] [1] \right]$$

[The Redemption Amount will not [be lower than the Floor] [and will not] [exceed the Cap].]

[[(ii)] *[Insert additional leg]*]

- (b) [(i)] If the [Final Reference Price] is **greater than or equal to** [greater than][lower than][lower than or equal to] the [Threshold Level], the Securityholder will receive an amount calculated pursuant to the Downside Feature set out in Payout Condition 5 (*Downside Features*) as specified in the Issue Terms.]

[[(ii)] *[Insert additional leg]*]

7.3 Digital

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

- (a) [(i)] If the [Final Reference Price] is **greater than or equal to** [greater than][lower than][lower than or equal to] the [Threshold Level], the Securityholder will receive [the [greater][lower] of]:

- (i) [Upside Settlement Amount]; and

(ii)
$$[\text{Notional Amount}] [\bullet] \left[\frac{[1] [\bullet] [\text{Participation Rate}] [\bullet] [\text{Final Reference Price}] [\bullet] [\text{Initial Reference Price}]}{[\text{Initial Reference Price}]} [\bullet] [1] \right]$$

[[(ii)] *[Insert additional leg]*]

- (b) [(i)] If the [Final Reference Price] is **greater than or equal to** [greater than][lower than][lower than or equal to] the [Threshold Level], the Securityholder will receive an amount calculated pursuant

to the Downside Feature set out in Payout Condition 5 (*Downside Features*) as specified in the Issue Terms.]

[[(ii)] *Insert additional leg*]

7.4 Twin Win Securities

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

- (a) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Twin Win Barrier], the Securityholder will receive an amount calculated in accordance with the following formula:

[Notional Amount][●] ([1][●]([Twin Win Factor][●] [Absolute Final Performance of the Underlying]))

[The Redemption Amount will not [be lower than the Floor] [and will not] [exceed the Cap].]

[[(ii)] *Insert additional leg*]

- (b) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Twin Win Barrier], the Securityholder will receive an amount calculated pursuant to the Downside Feature set out in Payout Condition 5 (*Downside Features*) as specified in the Issue Terms.]

[[(ii)] *Insert additional leg*]

7.5 Income

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

- (a) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Threshold Level], the Securityholder will receive an amount calculated in accordance with the following formula:

[Notional Amount][●][Redemption Factor]

[[(ii)] *Insert additional leg*]

- (b) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Threshold Level], the Securityholder will receive an amount calculated pursuant to the Downside Feature set out in Payout Condition 5 (*Downside Features*) as specified in the Issue Terms.]

[[(ii)] *Insert additional leg*]

7.6 Lock-in

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as:

- (a) If a Lock-in Event **has** occurred (as defined in Section 2.16 (*Definitions applicable to Coupon Features*)), the Securityholder will receive an amount calculated in accordance with the following formula:

[Notional Amount] [●][Redemption Factor]

- (b) If a Lock-in Event **has not** occurred (as defined in Section 2.16 (*Definitions applicable to Coupon Features*)), the Securityholder will receive an amount calculated pursuant to the Downside Feature set out in Payout Condition 5 (*Downside Features*) as specified in the Issue Terms.

7.7 Shark Fin

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

- (a) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Threshold Level], the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] [\text{Redemption Factor}]$$

[[(ii)] *[Insert additional leg]*]

- (b) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Threshold Level], but **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Initial Reference Price], the Securityholder will receive an amount calculated in accordance with the following formula:

$$[\text{Notional Amount}] [\bullet] \left[\frac{[1][\bullet][\text{Participation Rate}][\bullet] [\text{Final Reference Price}][\bullet][\text{Initial Reference Price}]}{[\text{Initial Reference Price}]} [\bullet][1] \right]$$

[[(ii)] *[Insert additional leg]*]

- (c) [(i)] If the [Final Reference Price] is **[greater than or equal to][greater than][lower than][lower than or equal to]** the [Initial Reference Price], the Securityholder will receive an amount calculated pursuant to the Downside Feature set out in Payout Condition 5 (*Downside Features*) as specified in the Issue Terms.

[[(ii)] *[Insert additional leg]*]

7.8 Amortising

Unless Physical Delivery applies, on each of the Amortisation Payment Date(s) and the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

$$[\text{Notional Amount}] [\bullet] [\text{Amortisation Rate}]$$

7.9 Restrike

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

$$[\text{Notional Amount}] [\bullet] \left([1][\bullet][\text{Participation Rate}] [\bullet] \frac{1}{n_R} \sum_{t=1}^{n_R} (\text{Restrike Performance}) [\bullet] \right) [\bullet]$$

7.10 Spread

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

$$[\text{Notional Amount}][\bullet][\text{Participation Rate}][\bullet]$$

$$[1][\bullet][\text{Max}] \left([\text{Floor}]; [\text{Min}] \left([\bullet] \sum_{i=1}^{n_{UL,i}} \left([\text{Cap}]; [\text{Redemption Factor}] [\bullet] \left([\text{Weight of Underlying}_i] [\bullet] \frac{[\text{Final Reference Price}_i]}{[\text{Initial Reference Price}_i]} [\bullet] \right) \right) \right) \right)$$

7.11 Drop-back Redemption

Unless Physical Delivery applies, on the Redemption Date, the Securityholder will receive a Cash Redemption Amount in the Specified Currency which will be determined as follows:

$$[\text{Notional Amount}] [\bullet] \left[\sum_{i=1}^{K_j} [\text{Investment Amount}_i] [\bullet] \left(\frac{[\text{Final Reference Price}] [\bullet] [\text{Initial Reference Price}] [\bullet] [\text{Trigger Barrier}_i]}{[\text{Initial Reference Price}] [\bullet] [\text{Trigger Barrier}_i]} \right) \right]$$

7.12 Definitions applicable to Redemption Features of Structured Securities

"**Amortisation Payment Date**" will be specified in the Issue Terms.

"**Amortisation Rate**" will be specified in the Issue Terms.

"**Cap**" will be specified in the Issue Terms.

"**Constant Amount**" will be specified in the Issue Terms.

"**Final Performance_i**" means the Final Performance with respect to the Underlying *i*.

"**Final Reference Price_i**" means the Final Reference Price with respect to the Underlying *i*.

"**Floor**" will be specified in the Issue Terms.

"**Initial Reference Price_i**" means the Initial Reference Price with respect to the Underlying *i*.

"**Level of Underlying₁**" means the Level of Underlying₁, as specified in the Issue Terms, with respect to such Underlying Valuation Date.

"**Level of Underlying₂**" means the Level of Underlying₂, as specified in the Issue Terms.

"**n_R**" means the number identifying the relevant Restrike Observation Period starting with one, as set out in the Issue Terms.

"**n_{UL, i}**" means the number of the Underlyings *i*, as specified in the Issue Terms.

"**Participation Rate**" will be specified in the Issue Terms.

"**Rebate Amount**" will be specified in the Issue Terms.

"**Redemption Factor**" will be specified in the Issue Terms.

"**Restrike Observation Period**" means the respective period from the Restrike Observation Period Start Date (including) to the following Restrike Observation Period End Date (including) which will be set out in the form of a table in the Issue Terms.

"Restrike Performance", with respect to a Restrike Observation Period and expressed as a percentage, is calculated either (a) by dividing the Reference Price on the respective Restrike Observation Period End Date by the Reference Price on the respective Restrike Observation Period Start Date and subtracting one (1) from the result (Restrike Standard) or (b) by dividing the Reference Price on the respective Restrike Observation Period End Date by the Reference Price on the respective Restrike Observation Period Start Date and subtracting one (1) from the result and then taking the absolute value of that result (Restrike Absolute), or as otherwise set out in the Issue Terms.

"Threshold Level" will be specified in the Issue Terms.

"Twin Win Barrier" will be specified in the Issue Terms.

"Twin Win Downside Feature" will be specified in the Issue Terms.

"Twin Win Factor" will be specified in the Issue Terms.

"Upside Settlement Amount" will be specified in the Issue Terms.

"Weight of Underlying_i" means the weight assigned to the respective Underlying *i*, as specified in the Issue Terms, which may also be negative.

PAYOUT CONDITIONS FOR CREDIT LINKED NOTES

These Payout Conditions for Credit Linked Notes (the "**Payout Conditions for Credit Linked Notes**"), together with any other additional terms and conditions specified in the Issue Terms (including any annex setting out the Reference Entities for the purposes of the Credit Linked Notes, the "**Relevant Annex**"), apply to Credit Linked Notes and Hybrid Securities.

The Issue Terms may specify that certain terms and conditions, in particular certain definitions shall be subject to elections and specifications in the Physical Settlement Matrix in respect of the Reference Entity and the Transaction Type applicable to it. Securityholders might not have direct access to the Physical Settlement Matrix.

1. General

1.1 Credit Terms

The Issue Terms shall specify, amongst other things:

- (a) the Trade Date and the Scheduled Redemption Date;
- (b) the type of Credit Linked Notes, being Single Name Credit Linked Notes, Nth-to-Default Credit Linked Notes, Basket Credit Linked Notes or Tranching CLNs;
- (c) the Settlement Method and, where Auction Settlement applies, the applicable Fallback Settlement;
- (d) the Reference Entity or Reference Entities in respect of which a Credit Event may occur and, in each case, the related Transaction Type (if applicable, by way of reference to a Relevant Annex);
- (e) the Reference Entity Notional Amount or, as applicable, Reference Entity Weighting in respect of each Reference Entity (save where such terms are set out in a Relevant Annex);
- (f) the Reference Obligation(s) (if any) in respect of each Reference Entity (if applicable, by specifying "Standard Reference Obligation: Applicable");
- (g) the Settlement Method; and
- (h) if the Credit Linked Notes are Combination Credit Linked Notes, the relevant information in subparagraphs (b) to (f) above for each related Credit Component.

1.2 Index Credit Linked Notes

Where "Index Credit Linked Notes" is specified as "applicable" in the Issue Terms:

Notwithstanding Credit Linked Note Payout Condition 7 (*Successors*), the Reference Entities for the purposes of the Credit Linked Notes shall be as set out in the Relevant Annex (together with, in respect of each relevant Reference Entity, the Reference Entity Notional Amount or, as applicable, the Reference Entity Weighting, Reference Obligations and Substitute Reference Obligations) as set out in the Issue Terms, or, as applicable, as determined and published from time to time by the relevant Index Sponsor. The Calculation Agent may rely on any determinations of the relevant Index Sponsor and neither the Issuer nor the Calculation Agent will have any liability to the Securityholders or any other person as a result of relying on any such determination.

1.3 Hybrid Securities

Where "Hybrid Securities" is specified as "applicable" in the Issue Terms:

These Payout Conditions for Credit Linked Notes, the Payout Conditions for Structured Securities as well as the Underlying Linked Notes, apply to the Securities in accordance with the elections made in the Issue Terms.

2. Interest

2.1 Interest Accrual absent Event Determination Date

(a) Accrual and Payment of Interest

In the case of Credit Linked Notes which are specified in the Issue Terms to bear interest and subject to Credit Linked Note Payout Condition 4.8 (*Credit Linked Principal Only Credit Linked Notes*), such interest shall accrue on the daily Outstanding Notional Amount of each Credit Linked Note.

Unless otherwise specified in the Issue Terms for Hybrid Securities, the Securityholder will in respect of each Credit Linked Note receive fixed coupon payments (the "**Fixed Coupon Payments**").

Fixed Coupon Payments will be paid on each of the coupon payment dates specified in the Issue Terms (the "**Coupon Payment Dates**") at the rate(s) per annum (expressed as a percentage) equal to the Fixed Rate(s) specified in the Issue Terms. The amount of each Fixed Coupon Payment will also be specified in the Issue Terms.

(b) Broken Amounts

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

(c) Business Day Convention

If any date referred to in these Payout Conditions for Credit Linked Notes which is specified in the Issue Terms to be subject to adjustment in accordance with a Business Day Convention (the "**Business Day Convention**") would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is in respect to all or, if so specified in the Issue Terms, in respect to specific Coupon Periods,

- (i) the Floating Rate 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 (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,
- (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,
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day, or
- (v) No Adjustment, such date shall not be adjusted in accordance with any Business Day Convention.

(d) Calculations

The Coupon Payment Amount payable per Outstanding Notional Amount in respect of any Credit Linked Note for any period shall be equal to the product of the Rate of Interest, the Outstanding Notional Amount and the Day Count Fraction (if any) for such period, unless a Coupon Payment Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable per Outstanding Notional Amount in respect of such Credit Linked Note for such period shall equal such Coupon Payment Amount (or be calculated in accordance with such formula).

(e) Definitions

For purposes of this Credit Linked Note Payout Condition 2.1:

"Coupon Period" means (i) the period beginning on, and including, the Coupon Commencement Date and ending on, but excluding, the first Coupon Payment Date thereafter and, if so specified in the Issue Terms, each successive period for the Fixed Rate beginning on, and including, an Coupon Payment Date and ending on, but excluding, the next succeeding Coupon Payment Date; and (ii) such other period (if any) in respect of which interest is to be calculated being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, in the case of the scheduled final or early redemption of any Credit Linked Note, shall be the date for redemption).

"Day Count Fraction" means, if specified as "applicable" in the Issue Terms, in respect of the calculation of an amount of interest on any Credit Linked Note for any period of time (from and including the first day of such period to but excluding the last) not comprising a complete year (whether or not constituting a Coupon Period, the **"Calculation Period"**) or, if so specified in the Issue Terms, in respect to specific periods of time:

- (a) If **"Actual/365"** or **"Actual/Actual (ISDA)"** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if **"Actual/365 (Fixed)"** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365;
- (c) if **"Actual/365 (Sterling)"** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 or, in the case the last day of the Calculation Period falls in a leap year, 366;
- (d) if **"Actual/360"** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 360;
- (e) if **"30/360"**, **"360/360"** or **"Bond Basis"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where,

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

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

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

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

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

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

if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where,

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

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

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

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

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

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

- (f) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where,

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

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

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

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

"**D₁**" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless (i) that day is the last day of February but not the Scheduled Redemption

Date or the CLN Redemption Date, as applicable, or (ii) such number would be 31, in which case D2 will be 30; and

- (g) if "**Actual/Actual (ICMA)**" is specified in the applicable Issue Terms,
 - (i) where the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; or
 - (ii) in the case of Credit Linked Note where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; and
 - (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

"**Fixed Rate**" means the fixed rate of interest payable from time to time in respect of the Credit Linked Notes and which is either specified in the Issue Terms, or otherwise calculated in accordance with the provisions hereof.

"**Interest Commencement Date**" means the date of issue of the Credit Linked Notes (the "**Issue Date**") or such other date as may be specified in the applicable Issue Terms.

2.2 Interest Accrual following Event Determination Date

Upon the occurrence of an Event Determination Date in respect of any Reference Entity, the Outstanding Notional Amount of each Credit Linked Note shall, for the purposes of the calculation of accrual of interest thereon, be deemed to have been reduced in an amount equal to such Credit Linked Note's pro rata share of the relevant Reference Entity Notional Amount (or, in the case of Tranche CLNs, of the corresponding Writedown Amount) with effect from and including:

- (a) either:
 - (i) if "Accrual to Coupon Payment Date" is specified as "applicable" in the Issue Terms, the Coupon Payment Date; or
 - (ii) if "Accrual to Coupon Period End Date" is specified as "applicable" in the Issue Terms, the Coupon Period End Date (as so specified, the "**Coupon Period End Date**"),
immediately preceding such Event Determination Date (or, in the case of the first Coupon Payment Date or Coupon Period End Date, the Coupon Commencement Date or Issue Date, as applicable); or
- (b) if "Accrual to Event Determination Date" is specified as "applicable" in the Issue Terms, such Event Determination Date.

2.3 Interest following Scheduled Maturity

Subject always to Credit Linked Note Payout Condition 2.2 (*Interest Accrual following Event Determination Date*), if an Extension Notice has been given (other than pursuant to paragraph 11.1(d) of the definition of "Extension Notice") and "Extension Period Interest" is specified as "applicable" in the relevant Issue Terms,

each Credit Linked Note which is outstanding following the Scheduled Redemption Date shall continue to bear interest on its daily Outstanding Notional Amount from (and including) the Scheduled Redemption Date to (but excluding) the related CLN Redemption Date at a rate of interest equal to either:

- (a) if "Deposit Rate" is specified as "applicable" in the Issue Terms under the heading "Interest following Scheduled Maturity", the rate that the National Bank of Canada would pay to an independent customer in respect of overnight deposits in the currency of the Credit Linked Notes; or
- (b) such other rate as shall be specified for such purpose in the Issue Terms (which may be zero),

subject in all cases to a minimum of zero.

If "Deposit Rate" is not so specified or no such other rate is specified for such purpose, no interest shall accrue during the relevant period. For the avoidance of doubt, if an Extension Notice has been given pursuant to paragraph 11.1(d) of the definition thereof, no interest shall accrue from (and including) the Scheduled Redemption Date to (but excluding) the related CLN Redemption Date.

2.4 Interest Payment Dates

If the Credit Linked Notes are redeemed pursuant to the General Conditions or these Payout Conditions for Credit Linked Notes, the Scheduled Redemption Date, the CLN Redemption Date (if not the Scheduled Redemption Date), the last Auction Settlement Date, the last Credit Event Cash Settlement Date or the last Delivery Date, as the case may be, shall be an Interest Payment Date in respect of each Credit Linked Note and the Issuer shall pay any interest that is accrued and unpaid in respect of each Credit Linked Note on such Interest Payment Date.

3. Redemption

3.1 Redemption absent Event Determination Date

The Issuer will redeem each Credit Linked Note on the related CLN Redemption Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to the Outstanding Notional Amount (as reduced from time to time in accordance with the definition thereof) of such Credit Linked Note (together with interest, if any, payable thereon) unless the Credit Linked Notes have been previously redeemed or purchased and cancelled in full (including pursuant to Credit Linked Note Payout Conditions 3.2 (*Redemption following Event Determination Date*) or 3.4 (*Redemption following a Merger Event*)).

Where the Outstanding Notional Amount of any Credit Linked Note is reduced to zero, then upon the performance by the Issuer of any remaining obligations in respect of the Credit Linked Note (including pursuant to Credit Linked Note Payout Condition 3.2 (*Redemption following Event Determination Date*)), such Credit Linked Note shall be deemed to have been redeemed in full without further payment. In the case of Tranche CLNs, redemption shall be in accordance with Credit Linked Note Payout Condition 4.2 (*Tranche CLNs*) below.

3.2 Redemption following Event Determination Date

Upon the occurrence of an Event Determination Date in relation to any Reference Entity, the Issuer will:

- (a) if the applicable Settlement Method is "Auction Settlement", make payment in respect of each Credit Linked Note of its pro rata share of the Auction Settlement Amount on the Auction Settlement Date, unless a Fallback Settlement Event occurs, in which event the Issuer shall perform its respective payment and/or delivery obligations in accordance with the applicable Fallback Settlement Method;
- (b) if the applicable Settlement Method or Fallback Settlement Method is Physical Settlement, then, upon the occurrence of an Event Determination Date, the Issuer shall, on or prior to the related Physical Settlement Date and subject to Credit Linked Note Payout Conditions 5.1 (*Partial Credit Event Cash Settlement*) and 5.2 (*Non-Delivery of Deliverable Obligations*), redeem such Credit Linked Note in

full (or, where such Credit Linked Note is a Basket Credit Linked Note, in part, in an Outstanding Notional Amount corresponding to such Credit Linked Note's *pro rata* share of the relevant Reference Entity Notional Amount), respectively, by:

- (i) Delivering a *pro rata* share of the Outstanding Amount specified in the related Notice of Physical Settlement or NOPS Amendment Notice, as applicable; and
- (ii) paying such Credit Linked Note's *pro rata* portion of the related Physical Settlement Adjustment Rounding Amount; and
- (c) if the applicable Settlement Method or Fallback Settlement Method is "Cash Settlement", make payment in respect of each Credit Linked Note of its *pro rata* share of the Credit Event Cash Settlement Amount on the Credit Event Cash Settlement Date.

Where the applicable Settlement Method is Auction Settlement, if an Event Determination Date occurs with respect to a Reference Entity following the occurrence of a Fallback Settlement Event with respect to a prior Event Determination Date in relation to such Reference Entity and no Fallback Settlement Event occurs with respect to a subsequent Event Determination Date, the Issuer shall, if it so elects on or prior to a related Valuation Date or Delivery Date, redeem the Credit Linked Notes pursuant to the occurrence of the subsequent Event Determination Date in accordance with this Credit Linked Note Payout Condition 3.2 (*Redemption following Event Determination Date*) by Auction Settlement.

This Credit Linked Note Payout Condition 3.2 (*Redemption following Event Determination Date*) shall not apply, and the Issuer shall have no obligations hereunder in respect of Zero Recovery Credit Linked Notes.

3.3 Settlement at Maturity

Where "Settlement at Maturity" is specified as "applicable":

Payment of any Outstanding Notional Amount, Auction Settlement Amounts or Credit Event Cash Settlement Amounts, or delivery of any Physical Settlement Amount, as applicable, shall be deferred until the later of the CLN Redemption Date and the last Auction Settlement Date, Credit Event Cash Settlement Date, or Physical Settlement Date, determined in respect of any Reference Entity (and notwithstanding any other provision of the General Conditions or these Payout Conditions for Credit Linked Notes, no interest shall accrue on any payment of any amount which is so deferred).

3.4 Redemption following a Merger Event

If "CLN Merger Event" is specified as "applicable" in the Issue Terms and in the case that:

- (a) "Reference Entity/Holder Merger" is specified as "applicable":

In the event that in the determination of the Calculation Agent (made acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) a Reference Entity/Holder CLN Merger Event has occurred, the Issuer may give notice to the Securityholders in accordance with General Condition 12 (*Notices*), and redeem all but not some only of the Credit Linked Notes on the CLN Merger Event Redemption Date, and if the Credit Linked Notes are so redeemed or, as the case may be, cancelled, the Issuer shall pay an amount to each Securityholder in respect of each Credit Linked Note, which amount shall be the Early Redemption Amount.

- (b) "Reference Entity/Issuer Merger" is specified as "applicable":

In the event that in the determination of the Calculation Agent (made acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) a Reference Entity/Issuer Merger has occurred, the Issuer may either:

- (i) redeem the Credit Linked Notes in accordance with (a) above; or

- (ii) replace the relevant affected Reference Entity/ies (the "**Affected Reference Entity/ies**") respectively, with Similar Reference Entity/ies. In such event, the costs of the Issuer arising in connection with any re-hedging of such substitution may be recovered through an adjustment to the interest payable on the Credit Linked Notes and/or any redemption amounts payments payable under the Credit Linked Notes. The Calculation Agent shall notify the Issuer, which shall in its turn notify the Securityholders in accordance with General Condition 12 (*Notices*) of the decision taken by the Issuer and any adjustments made to the terms of the Credit Linked Notes, stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

For purposes of this Credit Linked Note Payout Condition 3.4(b):

"Similar Reference Entity" means an entity with an equivalent Rating (as defined below) or an equivalent credit risk (if no Rating is available to the relevant Reference Entity), and as secondary criteria geographic and Transaction Type proximity to such Reference Entity.

"Rating" means the senior unsecured debt rating assigned by the three rating agencies Moody's Investor Service, Inc., Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Service Europe Limited and Fitch Ratings or any of them, it being understood that if the ratings assigned in respect of an entity are not equivalent, only the highest one(s) will be taken into consideration.

3.5 Suspension of Obligations

If there is a DC Credit Event Question in relation to any Reference Entity, then (unless the Issuer otherwise elects by notice to the Calculation Agent and the Securityholders) from the date of such DC Credit Event Question (and notwithstanding that the relevant Credit Derivatives Determinations Committee has yet to determine whether Publicly Available Information is available or that a Credit Event has occurred), any obligation of the Issuer to redeem any Credit Linked Note (including pursuant to Credit Linked Note Payout Condition 3.2 (*Redemption following Event Determination Date*)) (and the timing requirements of the Credit Event Cash Settlement Date, Valuation Date, Relevant Valuation Date, NOPS Cut-off Date, Physical Settlement Period and any other provisions pertaining to settlement) insofar as it relates to the relevant Reference Entity, or pay any amount of interest which would otherwise be due thereon or any obligation of the Calculation Agent to calculate any amount of interest (in each case, regardless of whether any such interest relates to the relevant Reference Entity), shall be and remain suspended until the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal.

During such suspension period, the Issuer shall not be obliged to, nor entitled to, take any action in connection with the redemption of the Credit Linked Notes, in each case insofar as they relate to the relevant Reference Entity, or in connection with the payment of any applicable interest on the Credit Linked Notes, nor, if the Issue Terms specifies that "Calculation and Settlement Suspension" applies, shall the Calculation Agent be obliged to take any action in connection with the calculation of any amount of interest (in each case, if the Issue Terms specifies that "Calculation and Settlement Suspension" applies, regardless of whether any such interest relates to the relevant Reference Entity). Once the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal has occurred, such suspension shall terminate and any obligations so suspended shall resume on the CLN Business Day following such public announcement by ISDA, with the Issuer and, as the case may be, the Calculation Agent having the benefit of the full day notwithstanding when the suspension began. Any amount of interest so suspended shall, subject always to Credit Linked Note Payout Condition 2.2 (*Interest Accrual following Event Determination Date*), become due on a date selected by the Calculation Agent falling not later than fifteen Business Days following such public announcement by ISDA.

For the avoidance of doubt, no interest shall accrue on any payment of interest or any other amounts which are deferred in accordance with this Credit Linked Note Payout Condition 3.5 (*Suspension of Obligations*).

3.6 Miscellaneous provisions relating to Redemption

If the Credit Linked Notes are partially redeemed, the relevant Materialised Credit Linked Notes or, if the Credit Linked Notes are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption. Upon such partial redemption, the Outstanding Notional Amount of each Credit Linked Note shall be reduced for all purposes (including accrual of interest thereon but without duplication with any cessation of interest accrual pursuant to Credit Linked Note Payout Condition 2.2 (*Interest Accrual following Event Determination Date*)) accordingly. The foregoing provision does not apply to Dematerialised Securities.

Redemption of any Credit Linked Note in accordance with this Credit Linked Note Payout Condition 3 (*Redemption*), together with payment of interest, if any, due thereon shall discharge all or the relevant portion of the obligations of the Issuer in relation thereto.

4. Terms relating to Credit-Linkage Features

4.1 Nth-to-Default Credit Linked Notes

The following provisions apply in respect of Nth-to-Default Credit Linked Notes:

An Event Determination Date shall not be taken into account for the purposes of Credit Linked Note Payout Conditions 2 (*Interest*) and 3 (*Redemption*) unless and until the number of Reference Entities in respect of which an Event Determination Date has occurred is equal to "N" (as specified in the Issue Terms).

Unless a value is specified for "M" in the Issue Terms of such Credit Linked Notes, with effect from such date, no Event Determination Date shall occur in respect of any other relevant Reference Entity.

Where a value is specified for "M", the provisions of Credit Linked Note Payout Conditions 2 (*Interest*) and 3 (*Redemption*) shall apply in respect of every subsequent Event Determination Date until the number of Reference Entities in respect of which an Event Determination Date has occurred is equal to "M" (as specified in the Issue Terms).

4.2 Tranched CLNs

The following provisions apply in respect of Credit Linked Notes that are Tranched CLNs:

For clarification, in respect of such Credit Linked Notes, in the event of any inconsistency between the following and the other the Payout Conditions for Credit Linked Notes, the following shall prevail:

- (a) Unless the Credit Linked Notes have been previously redeemed or purchased and cancelled in full (including pursuant to any Credit Linked Note Payout Condition), the Issuer will redeem each Tranched CLN on the CLN Redemption Date by payment of an amount equal to the Outstanding Notional Amount of such Credit Linked Note (together with interest, if any, payable thereon) plus,
 - (i) if "Incurred Recoveries" are specified as "applicable" in the relevant Issue Terms its pro rata share of the Aggregate Incurred Recovery Amount,
 - (ii) provided that (unless "Zero Recovery" is not specified to be "applicable" or the Final Price is specified in the Issue Terms) if an Unsettled Credit Event has occurred,
 - (A) a Redemption Preliminary Amount will be payable on the CLN Redemption Date and a Redemption Residual Amount will be payable on the Final Settlement Date, and
 - (B) the Aggregate Incurred Recovery Amount (if any) in respect of each Tranched CLN shall be payable on the Final Settlement Date instead of the CLN Redemption Date.

For the avoidance of doubt, no interest shall accrue or be payable in respect of any Aggregate Incurred Recovery Amount or any payment or postponement of payment thereof.

- (b) If the Outstanding Notional Amount of any Tranching CLN is reduced to zero, such Credit Linked Note will be redeemed in full by payment of an amount equal to its pro rata share of the Aggregate Incurred Recovery Amount (if any) on the Final Settlement Date, and, for the avoidance of doubt, no interest shall accrue or be payable in respect of any Aggregate Incurred Recovery Amount or any payment or postponement of payment thereof) and the Issuer shall have no further obligations in respect of such Credit Linked Notes.
- (c) If the Calculation Agent determines in relation to any Reference Entity:
- (i) without prejudice to the sub-paragraphs below, that a Credit Event has occurred or may occur on or prior to any Interest Payment Date;
 - (ii) that a Potential Failure to Pay has occurred or may occur on or prior to any Interest Payment Date;
 - (iii) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to any Interest Payment Date;
 - (iv) that a Credit Event Resolution Request Date has occurred or may occur on or prior to any Interest Payment Date; or
 - (v) (unless "Zero Recovery" is not specified to be applicable or the Final Price is specified in the Issue Terms) that an Unsettled Credit Event has occurred,

then interest (if any) on such Tranching CLN shall be deemed to cease to accrue on an Outstanding Notional Amount equal to its pro rata share of the sum of:

- (A) the maximum Incurred Loss Amounts; and
- (B) the maximum Incurred Recovery Amounts (if "Incurred Recoveries" are specified as "applicable in the Issue Terms) which could be determined (assuming an Auction Final Price, Weighted Average Final Price or Final Price of zero) (a "**Deemed Interest Reduction**") with effect from and including the Coupon Period End Date (or, if none, the Interest Commencement Date) immediately preceding the date of such determination or (in the case of the occurrence of an Unsettled Credit Event) the relevant date applicable pursuant to Credit Linked Note Payout Condition 2.2 (*Interest Accrual following Event Determination Date*).

In such case, the related Interest Shortfall Amount (if any) shall be payable on the first Interest Payment Date to occur after the second Business Day following the related Final Price Calculation Date or the related date of determination by the Calculation Agent that no Event Determination Date has subsequently occurred or could subsequently occur in respect of the relevant Reference Entity, or, if there is no such Interest Payment Date, the Final Settlement Date.

No interest shall be payable in respect of any such postponement of payment of any Interest Shortfall Amount or any other interest or other amounts.

- (d) If any day is a Final Price Calculation Date with respect to more than one Reference Entity, the Loss Amount, the Recovery Amount, the Incurred Loss Amount and the Incurred Recovery Amount (if applicable) with respect to each Reference Entity shall be calculated in the order that either of the following events occurred with respect to such Reference Entities:
- (i) the Credit Event Resolution Request Date (provided that if a Credit Event Resolution Request Date occurs in respect of more than one such Reference Entity on the same day, the first Reference Entity in respect of which the DC Secretary announces that the relevant DC Credit Event Question was effective and the relevant Credit Derivatives Determinations Committee was in possession of the relevant Publicly Available Information, in each case in accordance

with the "Credit Event Resolution Request Date" definition, shall be deemed to have satisfied this condition first) or

- (ii) the delivery of the Credit Event Notice (provided that if any of the relevant Credit Event Notices are delivered at the same time, in a sequential order as determined by the Calculation Agent).

4.3 **Combination Credit Linked Notes**

Where the Credit Linked Notes are Combination Credit Linked Notes and principal and interest components have different credit linkage:

- (a) where any Credit Component is specified in the Issue Terms as an "Interest Component", amounts payable in respect of interest on the Credit Linked Notes shall, subject to (d) below, be calculated by reference to the terms set out in respect of such Credit Component;
- (b) where any Credit Component is specified in the Issue Terms as a "Principal Component", amounts payable by way of redemption of the Credit Linked Notes shall, subject to (d) below, be calculated by reference to the terms set out in respect of such Credit Component;
- (c) where any Credit Component is specified in the Issue Terms as a "Principal and Interest Component", amounts payable in respect of interest on the Credit Linked Notes or by way of redemption of the Credit Linked Notes shall, subject to (d) below, be calculated by reference to the terms set out in respect of such Credit Component; and
- (d) more than one Credit Component may be specified in the Issue Terms as an "Interest Component", "Principal Component" or "Principal and Interest Component", provided that a related "Component Percentage" is specified; in such case, all references in the definitions of "Reference Entity Notional Amount" and "Outstanding Notional Amount" to the "initial Specified Denomination" shall, for the purposes of such Credit Component be references to the related Component Notional Amount.

4.4 **Hybrid Securities**

The following provisions apply in respect of Hybrid Securities:

- (a) if the Issue Terms provide that "Event Determination Date Overrides Automatic Early Redemption" is "applicable":

An Automatic Early Redemption Date shall not be capable of occurring in respect of the Credit Linked Notes if, as of the related Automatic Early Redemption Valuation Date, an Event Determination Date has occurred (but any Event Determination Date occurring after such Automatic Early Redemption Valuation Date shall be disregarding);
- (b) if the Issue Terms specify that "Credit Linked Calculation Basis" is "applicable":

Any reference to the "Notional Amount", "Calculation Amount", "Specified Denomination" or any related abbreviation for the purpose of determining any amount payable by way of interest or coupon or on scheduled or early redemption of the Credit Linked Notes and which is calculated by reference to an Underlying shall be to the Outstanding Notional Amount, save with respect to any amounts determined and paid under any item of the Issue Terms specified as an "Excluded Item" for such purpose); and
- (c) the CLN Redemption Date shall notwithstanding such definition, be subject to deferral as provided for in these Payout Conditions of Credit Linked Notes and as provided with respect to the Redemption Date in any terms and conditions of the Credit Linked Notes which relate to an Underlying referred to at (b) above.

4.5 **Basket Credit Linked Notes where the Issue Terms specify a Distribution End Date**

If the Issue Terms specify a "Distribution End Date" (the "**Distribution End Date**"), the following applies:

If a Distribution Period Event Determination Date occurs with respect to any Reference Entity and any Basket Credit Linked Notes, Credit Linked Note Payout Conditions 3.2 (*Redemption following Event Determination Date*), 3.3 (*Settlement at Maturity*) and 5 (*Additional Provisions in Respect of Physical Settlement*) shall not apply and the following provisions shall apply (and for clarification, in respect of such Credit Linked Notes, in the event of any inconsistency between the following and the remainder of these Payout Conditions for Credit Linked Notes, the following shall prevail):

- (a) where the Issue Terms specify that "Distribution Period Redemption" applies:
 - (i) irrespective of the applicable Settlement Method, the Issuer will redeem each outstanding Credit Linked Note in part, on the fifth Business Day following the Distribution End Date in an Outstanding Notional Amount corresponding to such Credit Linked Note's pro rata share of the relevant Reference Entity Notional Amount by making a payment in respect of each Credit Linked Note equal to its pro rata share of the related Reference Entity Notional Amount. For this purpose, in the case of an M(M)R Restructuring, Credit Linked Note Payout Condition 9.1 (*Multiple Credit Event Notices*) shall not apply; and
 - (ii) for the avoidance of doubt, no further Event Determination Date may occur in respect of such Reference Entity; or
- (b) where the Issue Terms specify that "Redemption at Maturity" applies:
 - (i) with effect from such Distribution Period Event Determination Date, such Reference Entity shall no longer be treated as a Reference Entity for the purpose of these Payout Conditions for Credit Linked Notes and no further Event Determination Date may occur with respect thereto, including where the Event Determination Date relates to a Restructuring Credit Event in respect of which an Exercise Amount has been determined; and
 - (ii) no adjustment shall be made to the Reference Entity Notional Amount in respect of any other Reference Entity as a result of the above (notwithstanding the definition thereof); or
- (c) where the Issue Terms specify that "Distribution Period Event Determination Date Disapplication" applies:

Notwithstanding anything to the contrary in these Payout Conditions for Credit Linked Notes, any Distribution Period Event Determination Date which occurs with respect to a Reference Entity shall not be treated as an Event Determination Date for the purpose of these Payout Conditions for Credit Linked Notes and only Event Determination Dates which occur on or after the Distribution End Date shall be treated as Event Determination Dates for the purpose of these Payout Conditions for Credit Linked Notes.

4.6 **Bonus Coupon Notes**

If the Credit Linked Notes are "Bonus Coupon Credit Linked Notes", the following applies:

An additional amount shall be payable on either:

- (a) where "Final Payment" is specified as the applicable Bonus Coupon Type in the relevant Issue Terms, the Final Settlement Date; or
- (b) where "Running Basis" is specified as the applicable Bonus Coupon Type in the relevant Issue Terms, the specified Bonus Coupon Payment Dates,

in relation to the Credit Linked Notes in an amount equal, in respect of each Credit Linked Note, to the initial Notional Amount thereof multiplied by the Outstanding Bonus Coupon Rate, and where the Running Basis is applicable, multiplied by the Bonus Coupon Day Count Fraction.

4.7 Credit Linked Interest Only Credit Linked Notes

If "Credit Linked Interest Only" is specified as "applicable" in the applicable Issue Terms:

Credit Linked Note Payout Condition 2 (*Interest*) will apply to the Credit Linked Notes, but Credit Linked Note Payout Conditions 3.1 (*Redemption absent Event Determination Date*), 3.2 (*Redemption following Event Determination Date*) and 3.3 (*Settlement at Maturity*) will not apply.

Unless the Credit Linked Notes have previously been redeemed or purchased and cancelled in full (including pursuant to Credit Linked Note Payout Condition 3.4 (*Redemption following a Merger Event*)) the Issuer will redeem each Credit Linked Note on the relevant CLN Redemption Date by payment of the original Notional Amount thereof specified in the applicable Issue Terms.

4.8 Credit Linked Principal Only Credit Linked Notes

If "Credit Linked Principal Only" is specified as "applicable" in the applicable Issue Terms:

Credit Linked Note Payout Condition 3 (*Redemption*) will apply to the Credit Linked Notes, but Credit Linked Note Payout Condition 2 (*Interest*) will not apply.

Where the redemption of any such Credit Linked Notes is postponed following the Scheduled Redemption Date, no interest shall accrue in respect of any such Credit Linked Notes from (and including) the Scheduled Redemption Date until the relevant date of redemption.

Where any such Credit Linked Notes are subject to redemption in full in circumstances where further amounts are or may be payable subsequently in respect of interest thereon, then, only to the extent required by the terms of any relevant clearing system in order to permit payment of such interest, each Credit Linked Note shall be deemed to remain outstanding in an amount equal to one unit of the Specified Currency. No payment shall be made in respect of such outstanding amount, and each Credit Linked Note which is deemed to be outstanding on such basis shall be cancelled in full on the last date for payment of interest thereon.

5. Additional Provisions in Respect of Physical Settlement

The following provisions do not apply to Dematerialised Securities.

5.1 Partial Credit Event Cash Settlement

If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver, or, due to an event beyond the control of the Issuer or any Securityholder, it is impossible or illegal for the relevant Securityholder to accept Delivery of any of the Deliverable Obligations (other than a Deliverable Obligation described in paragraph (d) of the definition of "Deliverable Obligation") specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, on the related Physical Settlement Date, then on such date the Issuer shall Deliver any relevant *pro rata* shares of the Outstanding Amount specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which it is possible and legal to take Delivery. If any Undeliverable Obligations have not been delivered on or prior to the Latest Permissible Physical Settlement Date, then Partial Credit Event Cash Settlement shall apply with respect to such Undeliverable Obligations and, accordingly, the Issuer shall pay the relevant Securityholders an amount

equal to the Partial Credit Event Cash Settlement Amount to be apportioned *pro rata* amongst the relevant Securityholders on the Partial Credit Event Cash Settlement Date.

5.2 Non-Delivery of Deliverable Obligations

If the Issuer does not Deliver any *pro rata* share of the Outstanding Amount specified in a Notice of Physical Settlement or NOPS Amendment Notice, as applicable, other than as a result of an event or circumstance contemplated in Credit Linked Note Payout Condition 5.1 (*Partial Credit Event Cash Settlement*) above (including following the occurrence of a hedge disruption event), such failure shall not constitute an Event of Default or breach of agreement for the purpose of the Securities and the Issuer may continue to attempt to Deliver the *pro rata* share of the Outstanding Amount that are represented by Bonds or Loans until the Extended Physical Settlement Date.

If, as at the relevant Extended Physical Settlement Date, any such *pro rata* share of the Outstanding Amount has not been Delivered, then Partial Credit Event Cash Settlement shall apply with respect to such Deliverable Obligations and the Issuer shall pay to the Securityholders an amount equal to the Partial Credit Event Cash Settlement Amount to be apportioned *pro rata* amongst the Securityholders on the Partial Credit Event Cash Settlement Date.

5.3 Aggregation and Rounding

Where a Securityholder holds Credit Linked Notes in an Outstanding Notional Amount (in the case of Partly Paid Notes, to the extent paid-up) greater than the Specified Denomination, the *pro rata* share of the Outstanding Notional Balance of the Deliverable Obligations to be Delivered in respect of the Credit Linked Notes of such Securityholder shall be aggregated for the purposes of this Credit Linked Note Payout Condition 5 (*Additional Provisions in Respect of Physical Settlement*). If such *pro rata* share of the Outstanding Notional Balance of the Deliverable Obligations to be Delivered in respect of each Credit Linked Note to be redeemed pursuant to this Credit Linked Note Payout Condition 5.3 on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations, then the *pro rata* share of the Outstanding Notional Balance of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, to zero. In such circumstances, such Deliverable Obligations shall, if and to the extent practicable, be sold by the Issuer or such other agent as may be appointed by the Issuer for such purpose and, if they are so sold, the Issuer shall make payment in respect of each Credit Linked Note in an amount equal to its *pro rata* share of the related net sale proceeds as soon as reasonably practicable following receipt thereof.

5.4 Delivery and Fees

The Delivery of any *pro rata* share of the Outstanding Amount pursuant to the provisions of this Credit Linked Note Payout Condition 5 (*Additional Provisions in Respect of Physical Settlement*) shall be made in such manner as the Issuer shall determine using commercially reasonable procedures to produce commercially reasonable results, to be appropriate for such Delivery. Subject as set out in the definition of "Deliver", any recordation, processing or similar fee reasonably incurred by the Issuer and/or any of its Affiliates and payable to the agent under a Loan in connection with an assignment or novation (where Deliverable Obligations include Assignable Loans or Consent Required Loans) or participation (where Deliverable Obligations include Direct Loan Participations) shall be payable by the relevant Securityholders, and if any stamp tax or transaction tax is payable in connection with the Delivery of any Deliverable Obligations, payment thereof shall be made by the relevant Securityholders (any such expenses, the "**Delivery Expenses**").

Delivery and/or transfer of the *pro rata* share of the Outstanding Amount shall be delayed until all such expenses relating to such Delivery or transfer payable by the Securityholders have been paid to the satisfaction of the Issuer.

5.5 Reference Asset Transfer Notice

(a) General

If the relevant Issue Terms specify "Reference Asset Transfer Notice" to be applicable, in order to obtain Delivery of the Physical Settlement Amount(s) in respect of the Securities, the relevant Securityholder must deliver, not later than the close of business in each place of receipt on the relevant Physical Settlement Cut-off Date, (i) if the Securities are represented by a Global Security, a positive confirmation to the relevant Clearing System that it makes all of the required certifications, representations, undertakings and authorisations, together with the provision of the required specifications, in the Reference Asset Transfer Notice (any such confirmation will be made in electronic form or in such other manner as is acceptable to the relevant Clearing System), or (ii) if the Securities are in definitive form, a duly completed Reference Asset Transfer Notice to the Paying Agent, in each case with a copy to each of the Issuer and the Delivery Agent.

A Reference Asset Transfer Notice (or, where the Securities are represented by a Global Security, the required certifications, representations, undertakings and authorisations, together with the provision of the required specifications, in the Reference Asset Transfer Notice) may only be delivered (i) if the Securities are represented by a Global Security, in electronic form or in such other manner as is acceptable to the relevant Clearing System, or (ii) if the Securities are in definitive form, in writing or in such other manner as is acceptable to the Paying Agent, Delivery Agent and the Issuer.

(b) Verification of details in a Reference Asset Transfer Notice

Upon receipt of a Reference Asset Transfer Notice, in the case of (i) Securities represented by a Global Security, the relevant Clearing System or (ii) Securities in definitive form, the Paying Agent, shall verify that the person specified therein as the Securityholder is the holder of the specified number of Securities according to its books.

(c) No Withdrawal of Reference Asset Transfer Notice

No Reference Asset Transfer Notice may be withdrawn after (i) in the case of Global Securities, receipt thereof by the relevant Clearing System or (ii) in the case of Securities in definitive form, receipt thereof by the Issuer, the Delivery Agent and the Paying Agent. After delivery of a Reference Asset Transfer Notice, the relevant Securityholder may not transfer the Securities which are the subject of such notice.

(d) Failure to complete a Reference Asset Transfer Notice properly

Failure to complete and deliver a Reference Asset Transfer Notice properly may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these General Conditions shall be made (i) in the case of Securities represented by a Global Security, by the relevant Clearing System, after consultation with the Delivery Agent and the Paying Agent, and shall be conclusive and binding on the Issuer and the relevant Securityholder and (ii) in the case of Securities in definitive form, by the Delivery Agent and the Paying Agent, and shall be conclusive and binding on the Issuer and the relevant Securityholder. The Issuer may determine whether to waive the requirement to deliver a properly completed Reference Asset Transfer Notice prior to the Physical Settlement Cut-off Date in order for such Securityholder to receive the any amount payable by obtaining Delivery of the Physical Settlement Amount in respect of such Securities and shall give notice of such waiver to the relevant Clearing System (if applicable), and to the Delivery Agent and the Paying Agent.

(e) Failure to provide the certifications in a Reference Asset Transfer Notice

If the relevant Issue terms specify "Equity Certification" and "Non-U.S. Certification" or, as the case may be, an "Eligible Investor Certification" to be applicable (in each case in the form set out in the Reference Asset Transfer Notice), and the relevant Securityholder has not provided the certifications as so required by the relevant Physical Settlement Cut-off Date, the Issuer may, instead of Delivering, or having Delivered on its behalf, the Physical Settlement Amount, satisfy its obligations in respect of the relevant Security by payment to the relevant Securityholder of a cash amount, calculated by the

Calculation Agent to represent the fair market value, as determined by the Issuer, of the Deliverable Obligations comprising such Physical Settlement Amount on such day as shall be selected by the Issuer and adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any relevant instruments or assets of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements).

6. Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics

6.1 Obligation Characteristics

Any one or more of the following characteristics may be specified in relation to a Reference Entity in the Issue Terms: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance (each, an "**Obligation Characteristic**").

If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the related Issue Terms in respect of the applicable Transaction Type, the Issue Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to obligations identified in the Issue Terms as Bonds (each, a "**Bond**").

6.2 Deliverable Obligation Category and Characteristics

Any one or more of the following may be specified in the Issue Terms: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer (together, the "**Deliverable Obligation Characteristics**").

If:

- (a) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the related Issue Terms or is applicable in respect of the applicable Transaction Type, such Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds;
- (b) the Deliverable Obligation Characteristic "Transferable" is specified in the Issue Terms or is applicable in respect of the applicable Transaction Type, the Issue 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;
- (c) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the Issue Terms or is applicable in respect of the applicable Transaction Type, the Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans; and
- (d) more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified in the Issue Terms as Deliverable Obligation Characteristics or is applicable in respect of the applicable Transaction Type, 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.

6.3 Relevant Guarantee

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

- (a) 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.
- (b) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the Issue Terms or applicable in respect of the relevant Transaction Type from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law".
- (c) 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 Issue Terms or applicable in respect of the relevant Transaction Type 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".
- (d) 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.
- (e) For the avoidance of doubt the provisions of this Credit Linked Note Payout Condition 6.3 apply in respect of the definitions of "Obligation" and "Deliverable Obligation" as the context admits.

6.4 Maximum Maturity

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.

6.5 Financial Reference Entity Terms and Governmental Intervention

If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as "applicable" in respect of a Reference Entity, the following applies:

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.

6.6 Prior Deliverable Obligation or Package Observable Bond

For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Linked Note Payout Condition 9.2 (*Mod R*) and Credit Linked Note Payout Condition 9.3 (*Mod Mod R*) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

6.7 Subordinated European Insurance Terms

If "Subordinated European Insurance Terms" is specified as "applicable" in respect of the Reference Entity, the following applies:

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.

6.8 Accrued Interest

With respect to any Credit Linked Notes for which

- (a) "Physical Settlement" is specified to be the Settlement Method in the related Issue Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method), the Outstanding Notional Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the related Issue Terms, in which case the Outstanding Notional Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest;
- (b) "Cash Settlement" is specified to be the Settlement Method in the related Issue Terms (or for which Cash Settlement is applicable as the Fallback Settlement Method) and
 - (i) "Include Accrued Interest" is specified in the related Issue Terms:

the Outstanding Notional Balance of the Reference Obligation or Valuation Obligation, as applicable, shall include accrued but unpaid interest;
 - (ii) "Exclude Accrued Interest" is specified in the related Issue Terms:

the Outstanding Notional Balance of the Reference Obligation or Valuation Obligation, as applicable, shall not include accrued but unpaid interest; or
 - (iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the related Issue Terms:

the Calculation Agent shall determine based on the then current market practice in the market of the Reference Obligation or Valuation Obligation, as applicable, whether the Outstanding Notional Balance of the Reference Obligation or Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof.
- (c) Credit Linked Note Payout Condition 5.1 (*Partial Credit Event Cash Settlement*) or 5.2 (*Non-Delivery of Deliverable Obligations*) is applicable, the Calculation Agent shall determine, based on the then current market practice in the market for the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.

6.9 Asset Package

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

If "Sovereign No Asset Package" is specified in the Issue Terms as "applicable" in respect of a Reference Entity:

Notwithstanding the above, it shall be deemed that no Package Observable Bond exists with respect to such Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package shall not apply thereto.

7. Successors

7.1 Provisions for determining a Successor

- (a) Subject as set out in Credit Linked Note Payout Condition 1.2 (*Index Credit Linked Notes*), the Calculation Agent may determine, following any succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) and with effect from the Succession Date, any Successor or Successors under the definition of "Successor"; provided that the Calculation Agent will not make 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.
- (b) The Calculation Agent will make all calculations and determinations required to be made under the definition of "Successor" (or the provisions relating to the determination of a Successor), acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, on the basis of Eligible Information. In calculating the percentages used to determine whether an entity qualifies as a Successor under the definition of "Successor", if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.
- (c) An entity may only be a Successor if:
 - (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
 - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
 - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (d) In the case of an exchange offer, the determination required pursuant to the 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.
- (e) 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.

7.2 Single Name Credit Linked Notes

Where the Credit Linked Notes are Single Name Credit Linked Notes:

If a Succession Date has occurred and more than one Successor has been identified, each such Credit Linked Note will be deemed for all purposes to have been divided, with effect from the Succession Date, into the same number of new Credit Linked Notes as there are Successors with the following terms:

- (a) each Successor will be a Reference Entity for the purposes of one of the deemed new Credit Linked Notes;

- (b) in respect of each deemed new Credit Linked Note, the Reference Entity Notional Amount will be the Reference Entity Notional Amount applicable to the original Reference Entity divided by the number of Successors; and
- (c) all other terms and conditions of the original Credit Linked Notes will be replicated in each deemed new Credit Linked Note except that the Calculation Agent shall make such modifications as it determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, are required in order to preserve the economic effects of the original Credit Linked Notes in the deemed new Credit Linked Notes (considered in aggregate).

7.3 Nth-to-Default

Where the Credit Linked Notes are Nth-to-Default Credit Linked Notes:

- (a) where a Succession Date has occurred in respect of a Reference Entity (other than a Reference Entity in respect of which a Credit Event has occurred) and more than one Successor has been identified, each such Credit Linked Note will be deemed for all purposes to have been divided, with effect from the Succession Date, into a number of new Credit Linked Notes equal to the number of Successors. Each such new Credit Linked Note shall include a Successor and each and every one of the unaffected Reference Entities and the provisions of Credit Linked Note Payout Condition 7.2(a) to (c) (*Single Name Credit Linked Notes*) (inclusive) shall apply thereto;
- (b) if "Substitution" is specified as not being applicable in the Issue Terms, where any Reference Entity (the "Surviving Reference Entity") (other than a Reference Entity that is subject to the Succession Date) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a Succession Date, such Surviving Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity; and
- (c) if "Substitution" is specified as being applicable in the Issue Terms, where the Surviving Reference Entity (other than a Reference Entity that is subject to the Succession Date) would be a Successor to a Legacy Reference Entity pursuant to a Succession Date:
 - (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
 - (ii) the Replacement Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity.

For purposes of this Payout Condition 7.3:

"Replacement Reference Entity" means any entity selected by the Calculation Agent acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, which is incorporated in the same geographical area, has the same Transaction Type as the Legacy Reference Entity and which is of a similar or better credit quality than the Legacy Reference Entity, as measured by Standard & Poor's Ratings Services and/or by Moody's Investors Service Ltd., at the date of the relevant Succession Date provided that in selecting any Replacement Reference Entity, the Calculation Agent is under no obligation to the Securityholders, the Issuer or any other person and, provided that the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to select the least credit-worthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Securityholders, the Issuer or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

7.4 Basket Credit Linked Notes and Tranched CLNs

Where the Credit Linked Notes are Basket Credit Linked Notes or Tranched CLNs:

If one or more Successors have been identified in respect of a Reference Entity that has been the subject of a related Succession Date (the "**Affected Entity**"), then, with effect from the Succession Date:

- (a) the Affected Entity will no longer be a Reference Entity (unless it is a Successor as described in (b) below);
- (b) each Successor will be deemed a Reference Entity (in addition to each Reference Entity which is not an Affected Entity);
- (c) the Reference Entity Notional Amount for each such Successor will equal the Reference Entity Notional Amount of the Affected Entity divided by the number of Successors;
- (d) the Calculation Agent may make any modifications to the terms of the Credit Linked Notes which it determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, may be required to preserve the economic effects of the Credit Linked Notes prior to the Succession Date (considered in the aggregate); and
- (e) for the avoidance of doubt, a Reference Entity may, as a result of a Succession Date, be represented by multiple Reference Entity Notional Amounts for the Successor(s) of such Reference Entity.

8. Additional Provisions

8.1 LPN Reference Entities

The following provisions shall apply if the relevant Issue Terms provide that "LPN Reference Entities" is specified as "applicable":

- (a) Multiple Holder Obligation will not be 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 these Payout Conditions of Credit Linked Notes, and in particular, 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 these Payout Conditions of Credit Linked Notes, and in particular, that the obligation is not an obligation of the Reference Entity;
- (d) 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; and
- (e) the "Not Subordinated" Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.

The following definitions shall apply if the relevant Issue Terms provide that "LPN Reference Entities" is applicable:

"**LPN**" means any bond issued in the form of a loan participation note.

"**LPN Issuer**" means the entity which issued the relevant LPN.

"**LPN Reference Obligation**" means each Reference Obligation other than any obligation listed as an "Additional Obligation" of the Reference Entity in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>, which is issued for the sole purpose of providing funds to the LPN Issuer to finance an Underlying Loan. For the avoidance of doubt, any change to the

issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation.

"Underlying Finance Instrument" means where the LPN Issuer provides finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument.

"Underlying Loan" means where the LPN Issuer provides a loan to the Reference Entity.

8.2 CoCo Provisions

The following provisions shall apply in respect of a Reference Entity where the timing and/or amount of payments of interest and/or principal with respect to the related Credit Linked Note is determined with reference to an Obligation which contains a CoCo Provision, if specified as "applicable" in the Issue Terms:

- (a) If, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention falling within paragraph (a) of the definition thereof.
- (b) A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes.
- (c) The following terms shall have the following meanings:

"Coco Provision" means, with respect to an Obligation, a provision which requires (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, in each case, if the Capital Ratio is at or below the Trigger Percentage.

A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes under these Payout Conditions.

If the operation of a CoCo Provision results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention.

"Trigger Percentage" means the trigger percentage specified in respect of the Reference Entity (or if no such trigger percentage is specified, 5.25 per cent.).

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

8.3 2019 Narrowly Tailored Credit Event Provisions

The following are the "NTCE Provisions", which shall (a) not apply in respect of a Reference Entity if such Reference Entity is a Sovereign, or (b) apply in respect of a Reference Entity if such Reference Entity is not a Sovereign, in each case unless otherwise specified in the Issue Terms.

The definition of **"Outstanding Notional Balance"** in Credit Linked Note Payout Condition 11 (*Definitions*) shall be deleted and replaced with the following:

The **"Outstanding Notional Balance"** of an obligation 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 Credit Linked Note Payout Condition 6.8 (*Accrued Interest*), the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Notional Balance (including accrued

but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);

- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in paragraph (a) 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 Notional Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on the 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).

For the purposes of paragraph (ii) above, "applicable laws" shall include any bankruptcy or insolvency law or other law affecting creditors' rights to which the relevant obligation is, or may become, subject.

Unless "Fallback Discounting" is specified as 'Not Applicable' in the applicable Issue Terms in respect of the relevant Reference Entity, then notwithstanding the above, if (i) the Outstanding Notional Balance of an obligation is not reduced or discounted under paragraph (ii) above, (ii) that obligation is either a Bond that has an issue price less than ninety-five per cent. of the principal redemption amount or a Loan where the amount advanced is less than ninety-five per cent. of the principal repayment amount, and (iii) such Bond or Loan does not include provisions relating to the accretion over time of the amount which would be payable on an early redemption or repayment of such Bond or Loan that are customary for the applicable type of Bond or Loan as the case may be, then the Outstanding Notional Balance of such Bond or Loan shall be the lesser of (a) the Non-Contingent Amount; and (b) an amount determined by straight line interpolation between the issue price of the Bond or the amount advanced under the Loan and the principal redemption amount or principal repayment amount, as applicable.

For the purposes of determining whether the issue price of a Bond or the amount advanced under a Loan is less than ninety-five per cent. of the principal redemption amount or principal repayment amount (as applicable) or, where applicable, for applying straight line interpolation:

- (a) where such Bond or Loan was issued as a result of an exchange offer, the issue price or amount advanced of the new Bond or Loan resulting from the exchange shall be deemed to be equal to the aggregate Outstanding Notional Balance of the original obligation(s) that were tendered or exchanged (the "**Original Obligation(s)**") at the time of such exchange (determined without regard to market or trading value of the Original Obligation(s)); and
- (b) in the case of a Bond or Loan that is fungible with a prior debt obligation previously issued by the Reference Entity, such Bond or Loan shall be treated as having the same issue price or amount advanced as the prior debt obligation.

In circumstances where a holder would have received more than one obligation in exchange for the Original Obligation(s), the Calculation Agent will determine the allocation of the aggregate Outstanding Notional Balance of the Original Obligation(s) amongst each of the resulting obligations for the purpose of determining the issue price or amount advanced of the relevant Bond or Loan. Such allocation will take into account the interest rate, maturity, level of subordination and other terms of the obligations that resulted from the exchange and shall be made by the Calculation Agent in accordance with the methodology (if any) determined by the

relevant Credit Derivatives Determinations Committee or, if none, as determined by the Calculation Agent in such manner and by reference to such source(s) as it determines appropriate."

8.4 Monoline Insurers as Reference Entity

Where "Monoline Provisions" is specified in the Issue Terms to be "applicable" with respect to any Reference Entity, the following amendments shall be made to these Payout Conditions for Credit Linked Notes:

(a) Additional Definitions

"Qualifying Policy" means a financial guarantee insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments (as defined below) of an instrument that constitutes Borrowed Money (modified as set out below) (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: (1) structured as a surety bond, letter of credit or equivalent legal arrangement or (2) 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). The benefit of a Qualifying Policy must be capable of being delivered together with the delivery of the Insured Instrument.

"Instrument Payments" means (1) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (A) 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 (B) the ultimate distribution of the Certificate Balance on or prior to a specified date and (2) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (1) and (2), (I) determined without regard to limited recourse or reduction provisions and (II) 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).

"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.

(b) Amended Definitions

The definition of "Obligation" is amended by adding "or Qualifying Policy" after "or as provider of a Relevant Guarantee".

In the event that an Obligation is a Qualifying Policy, the terms of the definition thereof will apply, with references to the "Relevant 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 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;
- (ii) references in the definitions of "Assignable Loan" and "Consent Required Loan" to the "guarantor" shall be deemed to include the insurer; and
- (iii) with respect to a Qualifying Policy and an Insured Instrument, only the Qualifying Policy must satisfy on the relevant date or dates the "Not Subordinated" Obligation Characteristic, if applicable.

References in the definition of "Outstanding Notional Balance" to a "Guarantee", the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include a Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively. Any provisions of an Insured Instrument limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument shall be disregarded for the purposes of the definition of "Outstanding Notional Balance", provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction.

The definition of "Successor" is hereby amended by adding "or Qualifying Policy" after each occurrence of "a Relevant Guarantee".

The definitions of "Original Non-Standard Reference Obligation", "Substitute Reference Obligation" and "Substitution Event" are hereby amended by adding "or Qualifying Policy" after "a guarantee".

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)(i) to (v) of the definition of "Restructuring" is hereby amended to read as follows:

- (i) a reduction in the rate or amount of the Instrument Payments described in paragraph (1)(A) of the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
- (ii) a reduction in the amount of the Instrument Payments described in paragraph (1)(B) of the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
- (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of the Instrument Payments described in paragraph (1)(A) of the definition thereof or (II) the payment of the Instrument Payments described in paragraph (1)(B) 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 (I) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (II) 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 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, 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).

Paragraph (a)(v) of the definition of "Restructuring" shall further be amended by adding "or, in the case of 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" at the end thereof.

For purposes of the definition of "Restructuring", the term "Obligation" shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy.

For purposes of the definitions of "Prohibited Action" and "Credit Event", references to "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include Insured Instruments and the Insured Obligor, respectively. Any transfer or similar fee reasonably incurred by the Issuer in connection with the delivery of a Qualifying Policy and payable to the Reference Entity shall be part of the Settlement Expenses.

9. Restructuring Credit Event

9.1 Multiple Credit Event Notices

Upon the occurrence of an M(M)R Restructuring with respect to a Reference Entity:

- (a) the Calculation Agent may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such notice setting forth the amount of the relevant Reference Entity Notional Amount to which such notice applies (the "**Exercise Amount**") provided that if the Credit Event Notice does not specify an Exercise Amount, the then outstanding Reference Entity Notional Amount (and not a portion thereof) will be deemed to have been specified as the Exercise Amount;
- (b) the provisions of these Payout Conditions of Credit Linked Notes (including, without limitation, as to the determination of any Auction Settlement Amount, Credit Event Cash Settlement Amount and Loss Amount) shall be deemed to apply to an aggregate Outstanding Notional Amount of Credit Linked Notes equal to the Exercise Amount only and all the provisions shall be construed accordingly; and
- (c) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the Specified Currency (or, if Japanese yen, 100,000,000 units) in which the Reference Entity Notional Amount is denominated or any integral multiple thereof or the entire relevant Reference Entity Notional Amount.

If any Credit Linked Note is subject to partial redemption in accordance with this Credit Linked Note Payout Condition 9 (*Restructuring Credit Event*), the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Security, such Global Security shall be endorsed to reflect such partial redemption. This provision does not apply to Dematerialised Securities.

9.2 Mod R

If (i) "Physical Settlement" or "Cash Settlement" is specified to be the Settlement Method in the related Issue Terms (or is applicable after the occurrence of a Fallback Settlement Event), (ii) "Mod R" is specified as "applicable" in respect of the Reference Entity and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, the following applies:

Unless the Deliverable Obligation or, as applicable, Valuation Obligation is a Prior Deliverable Obligation and Asset Package applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation may only be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice or selected by the Issuer to form part of the related Valuation Obligations Portfolio, as applicable, if such Deliverable Obligation or, as applicable, Valuation Obligation:

- (a) is 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 the Delivery Date or, as applicable, the Valuation Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this clause (a); and
- (b) has a final redemption date not later than the applicable Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date.

9.3 **Mod Mod R**

If (i) "Physical Settlement" or "Cash Settlement" is specified to be the Settlement Method in the related Issue Terms (or is applicable after the occurrence of a Fallback Settlement Event), (ii) "Mod Mod R" is specified as "applicable" in respect of the Reference Entity and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, the following applies:

Unless the Deliverable Obligation or, as applicable, Valuation Obligation is a Prior Deliverable Obligation and Asset Package applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation may only be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice or selected by the Issuer to form part of the related Valuation Obligations Portfolio, as applicable, if it (A) is a Conditionally Transferable Obligation and (B) has a final redemption date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date. Notwithstanding the foregoing, for purposes of this paragraph, in the case of a Restructured Bond or Loan with a final redemption date on or prior to the 10-year Limitation Date, the final redemption date of such Bond or Loan shall be deemed to be the earlier of such final redemption date or the final redemption date of such Bond or Loan immediately prior to the relevant Restructuring.

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

- (a) each such Securityholder may designate a third party (which may or may not be an Affiliate of such Securityholder) to take delivery of the Deliverable Obligation on its behalf and
- (b) if a Securityholder does not designate a third party that takes Delivery on or prior to the date which is three CLN Business Days after the Physical Settlement Date, then the Issuer will redeem the Credit Linked Notes for which Delivery has not occurred, by payment of the relevant Partial Credit Event Cash Settlement Amount to such Securityholder. For the avoidance of doubt Credit Linked Note Payout Condition 5.1 (*Partial Credit Event Cash Settlement*) will not apply to this paragraph.

For purposes of this Payout Condition 9.3:

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Credit Observation Period End Date.

Subject to the foregoing, if the Credit Observation Period End Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Credit Observation Period End Date.

9.4 **General Terms relating to Mod R and Mod Mod R**

For the purposes of making a determination pursuant to "Mod R" and "Mod Mod R", final redemption date shall, subject to Credit Linked Note Payout Condition 9.3 (*Mod Mod R*), be determined on the basis of the terms of the Deliverable Obligation or, as applicable, Valuation Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation or, as applicable, Valuation Obligation that is due and payable, the final redemption date shall be deemed to be the date on which such determination is made.

9.5 Multiple Holder Obligations

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-paragraph (i) to (v) (inclusive) thereof shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation, provided that any obligation that is a Bond shall be deemed to satisfy the requirements of sub-paragraph (b) of the definition of "Multiple Holder Obligation".

10. Miscellaneous Provisions relating to Credit Linked Notes

10.1 Determinations of the Calculation Agent

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

10.2 Reversal of DC Resolutions

If, where a calculation or determination with respect to the Credit Linked Notes has been made by the Calculation Agent in reliance upon a DC Resolution or otherwise resulted from a DC Resolution, ISDA publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution, such reversal will be taken into account for the purposes of any subsequent calculations, provided that the ISDA public announcement occurs prior to the DC Resolution Reversal Cut-off Date (or where redeemed in part, save to the extent of any such redemption). The Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, will make any adjustment to any future payments as are required to take account of such reversal, including any payment of additional interest or any reduction in any interest or any other amount payable under the Credit Linked Notes. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

10.3 Change in Standard Terms and Market Conventions

This Credit Linked Note Payout Condition 10.3 shall only apply if the related Issue Terms specify that "Change in Standard Terms and Market Conventions" is applicable.

The Calculation Agent, acting reasonably, may (but shall not be obligated to) modify these Payout Conditions for Credit Linked Notes from time to time with effect from a date designated by the Calculation Agent to the extent reasonably necessary to ensure consistency with prevailing market standards or market trading conventions, which are, pursuant to the agreement of leading dealers in the credit derivatives market or any relevant ISDA committee, a market-wide protocol, any applicable law or regulation or the rules of any applicable exchange or clearing system, applicable to any Notional Credit Derivative Transaction or any Hedge Transaction entered into prior to such date or terms thereof. The Calculation Agent shall notify the Issuer and the Securityholders as soon as reasonably practicable upon making any such determination. For the avoidance of doubt, the Calculation Agent may not, without the consent of the Issuer, amend, pursuant to this Credit

Linked Note Payout Condition 10.3 any of the terms and conditions of the Credit Linked Notes other than these Payout Conditions for Credit Linked Notes.

In particular, the Calculation Agent may make such modifications as may be necessary to ensure consistency with any successor provisions ("**Successor Provisions**") which are published by ISDA and which supersede the 2014 ISDA Credit Derivatives Definitions, as published by ISDA, for the purposes of credit derivatives transactions generally (including with respect to transactions which are entered into prior to the relevant date of publication and which are outstanding as of that date) and/or may apply and rely on determinations of a Credit Derivatives Determinations Committee made in respect of a relevant Reference Entity under any such Successor Provisions notwithstanding any discrepancy between the terms of such Successor Provisions and these Payout Conditions for Credit Linked Notes.

10.4 **Delivery of Notices**

As soon as reasonably practicable after receiving a Credit Event Notice or Notice of Publicly Available Information from the Calculation Agent, the Issuer shall promptly inform, or shall procure that the Calculation Agent informs the Securityholders in accordance with General Condition 12 (*Notices*), provided that any failure or delay in giving such notice to Securityholders shall not affect the rights of the Issuer in relation thereto. Resolutions of the Credit Derivatives Determinations Committee are, as of the date hereof, available on ISDA's website (www.isda.org) (or any successor website thereto).

10.5 **Effectiveness of Notices**

Any notice referred to in Credit Linked Note Payout Condition 9.4 (*General Terms relating to Mod R and Mod Mod R*) above which is delivered on or prior to 5.00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.

A notice given by telephone by the Issuer or the Calculation Agent will be deemed to have been delivered at the time the telephone conversation takes place.

10.6 **Excess Amounts**

If, on a Business Day, the Calculation Agent reasonably determines that an Excess Amount has been paid to Securityholders on or prior to such day, then following notification of the determination of an Excess Amount to the Issuer and Securityholders in accordance with General Condition 12 (*Notices*), the Issuer may deduct any such Excess Amount from future payments in relation to the Credit Linked Notes (whether interest or principal) or may reduce the amount of any assets deliverable under the terms of the Credit Linked Notes to the extent that it determines, acting reasonably, to be necessary to compensate for such Excess Amount.

For purposes of this Payout Condition 10.6:

"Excess Amount" means any amount paid to the Securityholders but which was not due on the Credit Linked Notes, as a result of the occurrence of a DC Credit Event Announcement, Event Determination Date or Credit Event Resolution Request Date on or around the date on which the amount in question would otherwise have been required to be paid or as a result of any Writedown Amount not having been taken into account.

10.7 **Provisions Relating to Timing**

Subject to Credit Linked Note Payout Conditions 10.5 (*Effectiveness of Notices*) and 10.8 (*Payment Timing*), in order to determine the day on which an event occurs for purposes of these Payout Conditions of Credit Linked Notes, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

10.8 Payment Timing

Notwithstanding the "Credit Event Notice" definition and Credit Linked Note Payout Condition 10.7 (*Provisions Relating to Timing*), if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

10.9 Business Day Convention

If the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention; provided that if the last day of any period is the Credit Event Backstop Date or the Successor Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention.

10.10 No Frustration

In the absence of other reasons, the Credit Linked Notes will not be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (a) the 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.

10.11 Rounding

Any amount payable under these Payout Conditions for Credit Linked Notes shall be rounded downwards to the nearest sub-unit of the relevant currency.

11. Definitions

In the event of any inconsistency between (i) the General Conditions and (ii) the Payout Conditions for Credit Linked Notes, the Payout Conditions for Credit Linked Notes shall prevail. A reference in these Payout Conditions for Credit Linked Notes to the "**Issue Terms**" shall be construed as being a reference to the applicable Issue Terms and for Credit Linked Notes in respect of which more than one Reference Entity is specified, a reference to "**the Reference Entity**" shall be a reference to the applicable Reference Entity.

11.1 General Definitions

The following definitions generally apply to all Credit Linked Notes:

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

"Additional Business Centre" will be specified in the Issue Terms.

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

- (a) the Additional Provisions for Physically Settled Default Swaps - Monoline Insurer as Reference Entity, as published by ISDA on 21 January 2005; or
- (b) any other provisions specified in relation to such Reference Entity.

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

"Aggregate Credit Unwind Costs" has the meaning given to such term in the definition of "Credit Unwind Costs".

"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 Securityholder 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 Securityholder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will 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, such Asset Package will be the package of Assets with the highest immediately realisable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee. If the Relevant Securityholder 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 respect of the Reference Entity:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as "applicable" in respect of the Reference Entity 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 respect of the Reference Entity, 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.

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

"Bankruptcy" means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

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

"Basket Credit Linked Notes" means any Credit Linked Notes specified as such in the Issue Terms.

"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 obligation.

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

"Bonus Coupon Day Count Fraction" means the relevant Day Count Fraction specified in the relevant Issue Terms, and to be read as though the terms relating to Day Count Fraction apply thereto.

"Bonus Coupon Determination Date" means the date specified in the Issue Terms, or if not specified, the relevant Final Price Calculation Date.

"Bonus Coupon Implicit Portfolio Size" means the amount specified as such in the Issue Terms.

"Bonus Coupon Payment Date(s)" means the dates specified as such in the Issue Terms.

"Bonus Coupon Writedown Rate" means, in respect of an Event Determination Date relating to a Reference Entity, the Incurred Loss Amount (if any) divided by the initial Specified Denomination (the Incurred Loss Amount for such purpose only, to be determined as though the Attachment Point, Exhaustion Point and Implicit Portfolio Size were respectively references to the Bonus Coupon Attachment Point, Bonus Coupon Exhaustion Point and Bonus Coupon Implicit Portfolio Size and further assuming that for such purpose, references to the definitions of Incurred Loss Amount and, if "Incurred Recoveries" are specified as "applicable" in the Issue Terms, to Outstanding Notional Amount is to be the initial Specified Denomination multiplied by the Outstanding Bonus Coupon Rate).

"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).

"Business Day" means:

- (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for that currency and each other place (if any) specified in the Issue Terms as an Additional Business Centre and if T2 is specified as an Additional Business Centre, a T2 Business Day;
- (ii) in the case of Euro as Specified Currency or Underlying Currency, a day (other than a Saturday or Sunday) on which the T2 System is operating for the purposes of settlements of payments in euro (a **"T2 Business Day"**) and on which commercial banks are open for business in each place (if any) specified in the Issue Terms as an Additional Business Centre; and/or
- (iii) in the case of Renminbi as Specified Currency or Underlying Currency, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in each Relevant Renminbi Settlement Centre (as defined below) and each other place (if any) specified in the Issue Terms as an Additional Business Centre.

"Capped Reference Entity" means, unless otherwise specified in the Issue Terms, a Reference Entity having a specified Transaction Type in respect of which "60 Business Day Cap on Settlement" is expressed as applying in the Issue Terms.

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

"CLN Business Day" means, in respect of any Reference Entity, (a)(i) a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose with respect to such Reference Entity, and/or (ii) a T2 Settlement Day (if "T2" or "T2 Settlement Day" is specified with respect to such Reference Entity), or (b) if a place or places or such terms are not so specified, (i) if the related Reference Entity Notional Amount is denominated in the euro, a T2 Settlement Day, or (ii) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the currency of denomination of the related Reference Entity Notional Amount. Any Business Days referenced in the Issue Terms shall be deemed to be CLN Business Days.

"CLN Dealer" means a dealer in obligations of the type of Obligation(s) (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Calculation Agent or its Affiliate and a Securityholder or its Affiliate or as may otherwise be specified in the Issue Terms.

"CLN Merger Event" means that at any time during the period from (and including) the Trade Date to (but excluding) the Credit Observation Period End Date, the Issuer:

- (a) becomes aware that a Reference Entity has consolidated or amalgamated with, or merged into, or transferred all or substantially all of its assets to, a Securityholder (**"Reference Entity/Holder Merger"**); or
- (b) itself consolidates or amalgamates with or merges into, or transfers all or substantially all of its assets to a Reference Entity (**"Reference Entity/Issuer Merger"**).

"CLN Merger Event Redemption Date" means the date specified as such in the Issue Terms.

"CLN Redemption Date" means either:

- (a) the Scheduled Redemption Date; or

- (b) where an Extension Notice in relation to a Reference Entity is delivered by the Calculation Agent to the Issuer at or prior to 11:00 a.m. (London time) on the date falling two London Business Days prior to the Scheduled Redemption Date, the date falling two Business Days after the latest to occur of the expiry of the Notice Delivery Period, the expiry of the Post Dismissal Additional Period or the latest date on which it would be possible for the Calculation Agent or the Issuer to deliver a Credit Event Notice under paragraph (b)(i)(B) or (b)(ii) of the definition of "Event Determination Date".

"Combination Credit Linked Notes" means any Credit Linked Note specified as such in the Issue Terms. **"Component Notional Amount"** means, in relation to Combination Credit Linked Notes and any Credit Component, an amount equal to the product of (i) the related Component Percentage and (ii) the initial Specified Denomination of Combination Credit Linked Notes.

"Component Percentage" means, in relation to Combination Credit Linked Notes and any Credit Component such percentage as may be specified in the Issue Terms.

"Conditionally Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to 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, without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

"Conforming Reference Obligation" means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation".

"Consent Required Loan" means a Loan that is capable of being assigned or novated with the consent of the relevant 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, and, if specified as "applicable" to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

"Credit Component" means a set of credit-linkage terms, as specified in the Issue Terms.

"Credit Derivatives Definitions" means the 2014 ISDA Credit Derivatives Definitions, as published by ISDA, and, in addition, if Additional Provisions are specified to be applicable with respect to the Credit Linked Notes in the Issue Terms, as supplemented by the Additional Provisions.

"Credit Derivatives Determinations Committee" means each committee established pursuant to the Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions in the over-the-counter market.

"Credit Event" means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, Governmental Intervention as specified in the Issue Terms with respect to a Reference Entity.

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 Backstop Date" means the date that is 60 calendar days prior to the Trade Date or, if so specified in the Issue Terms, the Issue Date or such other date specified in the Issue Terms. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

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

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

Where:

"A" means the Reference Entity Notional Amount;

"B" means the Weighted Average Final Price, or if so specified in the Issue Terms, the Final Price or such other price specified therein;

"C" means the Credit Unwind Costs (unless the Issue Terms specify that Credit Unwind Costs are 'Not Applicable', in which event "C" means zero); and

"PPA" means the Principal Protection Level specified in the Issue Terms multiplied by the Reference Entity Notional Amount (and if there is no such level shall be disregarded).

"Credit Event Cash Settlement Date" means the date that is the number of Business Days specified in the Issue Terms (or, if a number of Business Days is not specified, three Business Days) immediately following the determination of the Weighted Average Final Price (or, if Credit Linked Note Payout Condition 3.2 (*Redemption following Event Determination Date*) is specified not to be applicable in the Issue Terms or if the Final Price is specified in the Issue Terms, the date falling fifteen CLN Business Days following the date of the relevant DC Credit Event Announcement).

"Credit Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email and/or by telephone)) to the Issuer 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 Credit Observation Period End Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice that describes a Credit Event other than an M(M)R Restructuring must be in respect of the full Reference Entity Notional Amount.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, provided that where an Event Determination Date has occurred pursuant to sub-paragraph (b) of the definition thereof, a reference to the relevant DC Credit Event Announcement shall

suffice. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

"Credit Event Resolution Request Date" means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which 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 Linked Notes" means Notes linked to the credit of a specified entity or entities.

"Credit Observation Period End Date" means the date, if any, specified as such in the Issue Terms or, if no such date is specified, the Scheduled Redemption Date.

"Credit Unwind Costs" means an amount (such amount prior to any apportionment pro rata, the **"Aggregate Credit Unwind Costs"**), subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with:

- (a) where applicable, the redemption, settlement, cancellation and/or termination of the Credit Linked Notes (and/or the reduction in the Outstanding Notional Amount thereof); and
- (b) the related termination, settlement or re-establishment of any Hedge Transaction

such amount to be either apportioned pro rata amongst the outstanding principal amount outstanding of each Credit Linked Note or as an alternative, in respect of any substitution pursuant to a Reference Entity/Issuer CLN Merger Event only, to be deducted pro rata from the interest accrued on each Credit Linked Note.

"Currency Amount" means with respect to:

- (a) a Deliverable Obligation specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, or a selected Valuation Obligation that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the relevant Reference Entity Notional Amount into the currency of denomination of the relevant Replacement Deliverable Obligation.

"Currency Rate" means with respect to:

- (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, or a selected Valuation Obligation, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount is denominated that is either: (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time; or (ii) if such rate is not available at such time, as the Calculation Agent shall determine in good faith and using commercially reasonable procedures to produce commercially reasonable results; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

"Currency Rate Source" means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

"DC Credit Event Announcement" means, with respect to a 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 Credit Observation Period End Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"DC Credit Event Meeting Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"DC Credit Event Question" means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"DC Credit Event Question Dismissal" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

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

"DC Resolution" means a resolution made by a relevant Credit Derivatives Determinations Committee or, if the context so requires, the meaning given to that term in the Rules.

"DC Resolution Reversal Cut-off Date" means the earliest to occur of the Auction Final Price Determination Date, a Valuation Date, a Physical Settlement Date, a Delivery Date, the CLN Redemption Date or other redemption date of the Credit Linked Notes or the date on which instructions are given by or on behalf of the Issuer for any such redemption or any date, as determined by the Calculation Agent acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, of termination, settlement, replacement or re-establishment in whole or in part of any Hedge Transaction (or entry into a binding commitment in respect of any of the foregoing) by or on behalf of the Issuer and/or any of its Affiliates (following the occurrence of an Event Determination Date or in reliance on a prior DC Resolution), as applicable.

"DC Secretary" means ISDA.

"Default Requirement" means the amount as may be specified as such in the Issue Terms or, if a Transaction Type is specified, the amount specified as such in the Physical Settlement Matrix or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, U.S.\$ 10,000,000 or its equivalent in the relevant Obligation Currency), in either case, as of the occurrence of the relevant Credit Event.

"Deliver" means:

- (a) to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the Issuer or the Securityholders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant Clearing System, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in the definition of "Credit Event") or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if a

Deliverable Obligation is a Direct Loan Participation, "Deliver" means to create (or procure the creation of) a participation in favour of the Issuer or the Securityholders, as the case may be, and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, (A) "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims shall be deemed to be Deliverable Obligations). "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, provided further that the Issuer and each Securityholder agrees to comply with the provisions of any documentation (which shall include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer agrees, and each Securityholder is deemed to further agree, that compliance by the Issuer with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Securityholder shall be permitted to request that any party take nor shall the Issuer or any Securityholder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

- (b) If Asset Package applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Notional 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) of the definition of "Deliver" and the relevant provisions on delivery 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 or Calculation Agent (on its behalf) has notified the Securityholders of the detailed description of the Asset Package that it intends to Deliver in accordance with the definition of "Notice of Physical Settlement", (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

"Deliverable Obligation" means:

- (a) any obligation of the relevant Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the Method for Determining Deliverable Obligations;
- (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 is applicable, any Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (I) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (II) which fell within the definition of a Deliverable Obligation set out in paragraph (a) immediately preceding

the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring; and

- (d) if Asset Package is applicable, any Prior Deliverable Obligation (if "Financial Reference Entity Terms" is specified as "applicable" in respect of the Reference Entity) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case,

unless it is one of the following:

- (a) any obligation of the Reference Entity specified as such or of a type described in the related Issue 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 is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event; and

(ii) provided that the obligation has an Outstanding Notional Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d), immediately prior to the relevant Asset Package Credit Event).

For purposes of the "Method for Determining Deliverable Obligations", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in respect of the Reference Entity, and, subject to Credit Linked Note Payout Condition 6 (*Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics*), having each of the Deliverable Obligation Characteristics, if any, specified in respect of the Reference Entity, in each case, as of the Delivery Date or Valuation Date, as applicable (unless otherwise specified).

For the avoidance of doubt, a Deliverable Obligation may not be an equity security.

"Deliverable Obligation Category" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan as specified in relation to a Reference Entity. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics. No Deliverable Obligation Characteristics are applicable to Reference Obligation Only.

"Delivery Date" means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation or Asset Package is delivered.

"Delivery Expenses" has the meaning given to it in Credit Linked Note Payout Condition 0 (*Delivery and Fees*).

"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 Securityholder that provides each Securityholder 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 Securityholder and either:

- (a) the Issuer (to the extent that the Issuer, is then a lender or member of the relevant lending syndicate), or

- (b) a participation seller that meets the requirements specified in relation to a Reference Entity (if any) (to the extent such participation seller is then a lender or a member of the relevant lending syndicate).

"Domestic Currency" means the currency specified as such in relation to a Reference Entity and any successor currency thereto. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of:

- (a) the relevant Reference Entity, if the Reference Entity is a Sovereign; or
- (a) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign.

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

"Downstream Affiliate" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

"Due and Payable Amount" means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or, if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the Relevant Valuation Date.

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

"Eligible Transferee" means each of the following:

- (a) 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)(i) below); and
 - (iv) registered or licenced broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (b) an Affiliate of an entity specified in (a) above;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (I) has total assets of at least USD 100,000,000 or (II) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least USD 100,000,000;
 - (ii) that has total assets of at least USD 500,000,000; or

- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep-well, support, or other agreement by an entity described in paragraphs (a), (b), (c)(ii) or (d) hereof; and
- (d) any:
 - (i) Sovereign; or
 - (ii) entity or organisation 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 U.S.\$ or USD include equivalent amounts in other currencies, as determined by the Calculation Agent.

"Event Determination Date" means, in respect of any Credit Event:

- (a) subject to sub-paragraph (b) below, the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified in the Issue Terms as 'Not Applicable', an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer, if such date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither a DC Credit Event Announcement nor 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) save in respect of an M(M)R Restructuring Credit Event and notwithstanding subparagraph (a) above, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), either:
 - (i) the Credit Event Resolution Request Date, if either:
 - (A) (I) the Credit Event is not an M(M)R Restructuring; and (II) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
 - (B) (I) the Credit Event is an M(M)R Restructuring; and (II) a Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the Exercise Cut-off Date; or
 - (ii) the first date on which a Credit Event Notice is delivered by the Calculation Agent to the Issuer 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 15 Business Days thereafter,

provided that:

- (i) no Physical Settlement Date or Credit Event Cash Settlement Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (ii) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Reference Entity Notional Amount, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and

- (iii) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer:
 - (A) 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;
 - (B) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding Reference Entity Notional Amount; or
 - (C) unless the Notional Credit Derivative Transaction is an Auction Covered Transaction and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Notional Credit Derivative Transaction.

No Event Determination Date will occur with respect to an event, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, a DC No Credit Event Announcement occurs with respect to the event that, but for such DC No Credit Event Announcement, would have constituted a Credit Event, prior to the DC Resolution Reversal Cut-off Date.

Where the Credit Linked Notes are Basket Credit Linked Notes, Tranching CLNs or Nth-to Default Credit Linked Notes and an Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine the order in which such Event Determination Dates occurred acting in good faith and in a reasonable manner.

"Exercise Amount" has the meaning given to it in Credit Linked Note Payout Condition 9.1(a) (*Multiple Credit Event Notices*).

"Exercise Cut-off Date" means the date that is the later of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) 15 CLN Business Days following the Auction Final Price Determination Date, if any;
- (c) 15 CLN Business Days following the Auction Cancellation Date, if any; or
- (d) 15 CLN Business Days following the No Auction Announcement Date, if any,

or such later date as the relevant Credit Derivatives Determinations Committee Resolves.

"Extended Physical Settlement Date" means:

- (a) in the case of a Capped Reference Entity, the 60th CLN Business Day following the Physical Settlement Date, provided that if, under the terms of a Hedge Transaction, the Original Bonds or Original Loans (or Assets which form part of the Asset Package intended to be Delivered in lieu of a Prior Deliverable Obligation or Package Observable Bond (the **"Original Assets"**), or any other Deliverable Obligations in lieu thereof), may not be received by the Issuer and/or any of its Affiliates on or before the Extended Physical Settlement Date but the Issuer and/or any of its Affiliates may, in accordance with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof or Original Assets or any other Deliverable Obligations in lieu thereof on or before the date falling three CLN Business Days (in a case where Original Bonds may be received or otherwise obtained after the Extended Physical Settlement Date) or ten CLN Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof or Original Assets or any other Deliverable Obligations in lieu thereof may be received or otherwise obtained after the Extended Physical Settlement Date) after the Extended Physical Settlement Date, such date may be further extended to a date falling up to three CLN Business Days or ten CLN Business Days, respectively, after the original Extended Physical Settlement Date, or to

such earlier date as the Calculation Agent may determine, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results; and

- (b) in the case of a Non-Capped Reference Entity, such date as the Calculation Agent may select, provided that such date falls no later than the 120th CLN Business Day following the Physical Settlement Date or, in the absence of such selection, such 120th CLN Business Day.

"Extension Date" means the latest of:

- (a) the Credit Observation Period End Date;
- (b) the Grace Period Extension Date if:
 - (i) "Failure to Pay" and "Grace Period Extension" are specified as "applicable" in relation to any Reference Entity;
 - (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Credit Observation Period End Date; and
 - (iii) an Extension Notice is delivered under sub-paragraph (b) of the definition thereof;
- (c) the Repudiation/Moratorium Evaluation Date (if any) if:
 - (i) Repudiation/Moratorium is specified as "applicable" in relation to any Reference Entity; and
 - (ii) an Extension Notice is delivered under sub-paragraph (c) of the definition thereof.

"Extension Notice" means a notice from the Calculation Agent to the Issuer giving notice of the following in relation to a Reference Entity:

- (a) without prejudice to sub-paragraphs (b), (c) or (d) below, that a Credit Event has occurred or may occur on or prior to the Credit Observation Period End Date; or
- (b) that a Potential Failure to Pay has occurred or may occur on or prior to the Credit Observation Period End Date; or
- (c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Credit Observation Period End Date; or
- (d) that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the Notice Delivery Period.

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

If 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.

Unless "Credit Deterioration Requirement" is specified as 'Not Applicable' in the applicable Issue Terms in respect of the relevant Reference Entity, then, notwithstanding the foregoing, it shall not constitute a Failure to Pay if such failure does not directly or indirectly either result from, or result in, a deterioration in the

creditworthiness or financial condition of the Reference Entity, as determined by the Calculation Agent acting in good faith and using commercially reasonable procedures to produce commercially reasonable results.

"Final List" means the final list of Deliverable Obligations published by the DC Secretary on its website.

"Final List Publication Date" means, in respect of a Credit Event, the date on which the last Final List in respect of such Credit Event is published by ISDA.

"Final Price" means:

- (a) the price specified in the Issue Terms as being the Final Price with respect to a Reference Entity; or
- (b) the price of the Reference Obligation or, as applicable, any Valuation Obligation, Deliverable Obligation or Undeliverable Obligation, expressed as a percentage of its Outstanding Notional Balance or Due and Payable Amount (or, as the case may be, the Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event), as applicable, determined in accordance with:
 - (i) the highest Quotation obtained by the Calculation Agent (or otherwise in accordance with the definition of "Quotation") with respect to the Relevant Valuation Date (or, in the case of a relevant Asset other than Borrowed Money and other than a Non-Transferable Instrument or Non-Financial Instrument, such other market value of the relevant Asset as may be determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results); or
 - (ii) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the relevant Asset Market Value.

For the avoidance of doubt, if the Asset Package is or is deemed to be zero, the Final Price shall be zero. If the Final Price is specified in the Issue Terms, the Final Price shall be the price so specified.

"Final Price Calculation Date" means an Auction Final Price Determination Date or, as the case may be, the date on which the Weighted Average Final Price or (as applicable) the Final Price is determined in respect of a particular Credit Event and the relevant Reference Entity, or in the case of Zero Recovery Credit Linked Notes, the relevant Event Determination Date.

"Final Settlement Date" means the 10th Business Day following the latest to occur of the Final Price Calculation Dates in respect of the Reference Entities.

"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 bid quotations provided by the CLN Dealers, each firm quotation (expressed as a percentage of the Outstanding Notional Balance, Due and Payable Amount or Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event, as applicable) obtained from a CLN Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligations with an Outstanding Notional Balance, Due and Payable Amount or Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event, as applicable, equal to the Quotation Amount.

"Further Subordinated Obligation" means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

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

"Governmental Intervention" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs 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:
 - (i) any event which would affect creditors' rights so as to cause:
 - (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; or
 - (D) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
 - (ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
 - (iii) a mandatory cancellation, conversion or exchange; or
 - (iv) any event which has an analogous effect to any of the events specified in (a)(i) to (a)(iii) above.
- (b) For purposes of (a) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

"Grace Period" means:

- (a) subject to sub-paragraphs (b) and (c), the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is applicable in relation to the relevant Reference Entity, a Potential Failure to Pay has occurred on or prior to the Credit Observation Period End Date and the applicable grace period cannot, by its terms, expire on or prior to the Credit Observation Period End Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the Issue Terms or, if no period is specified, thirty calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified

as "applicable" in relation to the relevant Reference Entity, such deemed Grace Period shall expire no later than the Credit Observation Period End Date.

"Grace Period Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or if a place or places are not so specified, (a) if the Obligation Currency is the euro, a T2 Settlement Day, 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 "applicable" in relation to a Reference Entity; and
- (b) a Potential Failure to Pay occurs on or prior to the Credit Observation Period End Date,

the date that is 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 relation to a Reference Entity, Grace Period Extension shall not apply.

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

"Hedge Transaction" means any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the Credit Linked Notes.

"Index Sponsor" means, in respect of a relevant Index Credit Linked Note, the index sponsor (if any) specified as such in the Issue Terms.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

"Latest Maturity Restructured Bond or Loan" means, in respect of a Reference Entity and a Credit Event that is a Restructuring, the Restructured Bond or Loan with the latest final redemption date.

"Latest Permissible Physical Settlement Date" means, in respect of a Potential Cash Settlement Event in respect of a Deliverable Obligation comprised of Loans where "Partial Credit Event Cash Settlement of Consent Required Loans", "Partial Credit Event Cash Settlement of Assignable Loans" or "Partial Credit Event Cash Settlement of Participations" is specified as applicable in respect of the relevant Reference Entity, the date that is 15 CLN Business Days after the Physical Settlement Date, or, in respect of any other Potential Cash Settlement Event, 30 calendar days following the Physical Settlement Date.

"Legacy Reference Entity" has the meaning given to such term in Credit Linked Note Payout Condition 7.3(a) (*Nth-to-Default*) above.

"Limitation Date" means, in respect of a Credit Event that is a Restructuring, 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.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as "applicable" to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as "applicable" to a Deliverable Obligation Category, the Listed Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Loan" means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

"London Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"M" means, in relation to Nth-to-Default Credit Linked Notes where "Multiple Default Triggers" is applicable, such number as may be specified in the Issue Terms.

"Max" means, whenever followed by a series of amounts inside brackets, whichever is the greater of the amounts separated by a comma inside those brackets.

"Maximum Maturity" means an obligation that has a remaining maturity of not greater than:

- (a) the period specified in relation to a Reference Entity; or
- (b) if no such period is so specified, 30 years.

"Min" means, whenever followed by a series of amounts inside brackets, whichever is the lesser of the amounts separated by a comma inside those brackets.

"Minimum Quotation Amount" means unless where specified in the Issue Terms the lower of:

- (a) U.S.\$ 1,000,000 (or its equivalent in the relevant Obligation Currency); and
- (b) the Quotation Amount.

"M(M)R Restructuring" means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is specified as "applicable" in respect of the Reference Entity.

"Movement Option Cut-off Date" means the date that is one Relevant City Business Day following the Exercise Cut-off Date (or, if later, such other date as the relevant Credit Derivatives Determinations Committee Resolves) or such earlier date as the Issuer may designate by notice to the Calculation Agent and the Securityholders in accordance with General Condition 12 (*Notices*)).

"Multiple Holder Obligation" means an Obligation that:

- (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other; and
- (b) with respect to which at least two-thirds of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) are required to consent to the event which constitutes a Restructuring Credit Event,

provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (b) above.

"N" or **"Nth"** means, in relation to Nth-to-Default Credit Linked Notes, such number as may be specified in the Issue Terms.

"Next Currency Fixing Time" means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective or, as applicable, the date of selection of Valuation Obligations.

"Non-Capped Reference Entity" means a Reference Entity which is not a Capped Reference Entity.

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

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

constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

"Non-Standard Reference Obligation" means the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

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

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

"NOPS Amendment Notice" means a notice delivered by the Calculation Agent on behalf of the Issuer (with a copy to the Issuer), to the Securityholders notifying that the Calculation Agent is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective).

"NOPS Effective Date" means the date on which a Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer or the Calculation Agent (on its behalf).

"Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system and, if specified as "applicable" to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Not Domestic Currency" means any obligation that is payable in any currency other than the applicable Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency.

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

"Not Domestic Law" means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and Wales, and the laws of the State of New York shall not constitute a Domestic Law.

"Not Sovereign Lender" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt".

"Not Subordinated" means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date 15 CLN Business Days (or such other number of days as may be specified in the Issue Terms) after the Extension Date (or, if the relevant Credit Event is an M(M)R Restructuring, the later of such date and the Exercise Cut-off Date).

"Notice of Physical Settlement" means a notice delivered by the Calculation Agent on behalf of the Issuer (with a copy to the Issuer), to the Securityholders on or prior to the latest of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) subject to subparagraph (c) below, 25 CLN Business Days after the last to occur of the Auction Cancellation Date, the No Auction Announcement Date, the last Parallel Auction Cancellation Date and the last Parallel Notice of Physical Settlement Date (in each case if any and if applicable); and
- (c) in circumstances where the No Auction Announcement Date occurs pursuant to subparagraph (b) or (c)(ii) of the definition thereof, the Issuer has not delivered an Auction Settlement Amount Notice specifying an applicable Parallel Auction Settlement Terms to the Calculation Agent by the Movement Option Cut-off Date, 5 CLN Business Days following such Movement Option Cut-off Date;
- (d) 30 calendar days following the Event Determination Date; and
- (e) 10 calendar days following the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal,

(the **"NOPS Cut-off Date"**) that:

- (i) confirms that the Issuer intends to redeem the Credit Linked Notes by Physical Settlement in accordance with Credit Linked Note Payout Condition 5 (*Additional Provisions in Respect of Physical Settlement*); and
- (ii) contains a detailed description of the Deliverable Obligations or proportion of the Physical Settlement Amount that the Issuer intends to Deliver (or procure Delivery of) to the Securityholders, including the Outstanding Amount and the aggregate Outstanding Amount.

The Notice of Physical Settlement shall specify Deliverable Obligations having an Outstanding Amount (or the equivalent specified Currency Amount converted at the Currency Rate) on the Settlement Valuation Date at least equal to the Reference Entity Notional Amount (or, as applicable, Exercise Amount), subject to any Physical Settlement Adjustment.

The Issuer or the Calculation Agent (on its behalf) may, from time to time, deliver to the Securityholders in the manner specified above a NOPS Amendment Notice. A NOPS Amendment Notice shall contain a revised detailed description of each Replacement Deliverable Obligation and shall also specify the Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

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

"Notice of Publicly Available Information" means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both sub-paragraphs (a) and (b) of the definition of "Repudiation/Moratorium". The notice must contain a

copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as "applicable" in respect of the Reference Entity and a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

"Notional Credit Derivative Transaction" means, with respect to any Credit Linked Note and a Reference Entity, a hypothetical market standard credit default swap transaction entered into by the Issuer and under the terms of which:

- (a) the **"Trade Date"** is the Trade Date, if specified in the Issue Terms and if not, the Issue Date;
- (b) the **"Scheduled Termination Date"** is the Credit Observation Period End Date;
- (c) the **"Reference Entit(y)(ies)"** thereunder is (are) such Reference Entit(y)(ies);
- (d) the applicable **"Transaction Type"**, if any, is the Transaction Type for the purposes of such Credit Linked Note; and
- (e) the remaining terms as to credit linkage are consistent with the terms of such Credit Linked Note as it relates to such Reference Entity.

"Nth-to-Default Credit Linked Note" means any Credit Linked Notes specified as such in the Issue Terms.

"Obligation" means:

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

in each case, unless it is one of the following:

- (a) any obligation of the Reference Entity specified as such or of a type described in the related Issue Terms;
- (b) if "Financial Reference Entity Terms" is specified as "applicable" in respect of the Reference Entity and the Reference Entity is a Senior Transaction, 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 respect of the Reference Entity and the Reference Entity is a Subordinated Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

For purposes of the "Method for Determining Obligations", the term "Obligation" may be defined as each obligation of the Reference Entity described by the Obligation Category specified in respect thereof and having each of the Obligation Characteristics, if any, specified in respect thereof, 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.

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

"Obligation Category" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Issue Terms in relation to a Reference Entity.

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

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

"Original Bonds" means any Bonds comprising part of the relevant Deliverable Obligations.

"Original Loans" means any Loans comprising part of the relevant Deliverable Obligations.

"Original Non-Standard Reference Obligation" means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in relation to the Reference Entity (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 Reference Entity (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless (a) otherwise specified in the Issue Terms by reference to this definition, or (b) the Reference Entity is a Reference Obligation Only Trade.

"Outstanding Amount" means the Outstanding Notional Balance or Due and Payable Amount, as applicable.

"Outstanding Bonus Coupon Rate" means the rate equal to either:

- (a) if **"Final Rate"** is specified as applicable, the Bonus Coupon Rate (as specified in the applicable Issue Terms) less the aggregate of all Bonus Coupon Writedown Rates determined on or prior to the Bonus Coupon Determination Date; or
- (b) if **"Averaging Rate"** is specified as applicable, the Bonus Coupon Rate (as specified in the applicable Issue Terms) less the arithmetic average of the Bonus Coupon Writedown Rates determined for each day during the period commencing as the previous Bonus Coupon Payment Date (or if none, the Issue Date) and concluding on the Bonus Coupon Determination Date,

subject to a minimum of zero.

The **"Outstanding Notional Balance"** of an obligation 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 6.8 (Accrued Interest), the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Notional Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in paragraph (a) 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 Notional Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but

on or prior to the Delivery Date, the Delivery Date), or (B) the Relevant Valuation Date, as applicable; 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).

"Outstanding Notional Amount" means, in respect of any Credit Linked Note, such Credit Linked Note's *pro rata* share of the initial Specified Denomination less such Credit Linked Note's *pro rata* share of all Reference Entity Notional Amounts of Reference Entities in respect of which an Event Determination Date has occurred (or, in the case of a Tranche CLN, such Credit Linked Note's *pro rata* share of the initial Specified Denomination less such Credit Linked Note's *pro rata* share of all Writedown Amounts determined on or prior to the relevant date of determination) subject, in each case, to a minimum of zero and as adjusted by the Calculation Agent to take account of any repurchase or cancellation of Credit Linked Notes and the issuance of any further Credit Linked Notes.

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

"Partial Credit Event Cash Settlement Amount" means where the applicable Settlement Method is Physical Settlement, an amount determined by the Calculation Agent equal to the aggregate, for each Undeliverable Obligation, of:

- (a) the Final Price of such Undeliverable Obligations multiplied by;
- (b) the relevant Outstanding Notional Balance, Due and Payable Amount or Currency Amount, as applicable, of such Undeliverable Obligation specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice, as applicable.

"Partial Credit Event Cash Settlement Date" means the date falling three CLN Business Days (unless otherwise specified in relation to a Reference Entity) after the calculation of the Final Price.

"Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

"Payment Requirement" means the amount specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified in the Issue Terms, U.S.\$ 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.

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

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);

- (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as "applicable" in respect of the Reference Entity; or
- (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as "applicable" in respect of the Reference Entity; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

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

"Physical Settlement Adjustment" means a reduction to the Outstanding Amount specified in a Notice of Physical Settlement or NOPS Amendment Notice, by an amount of Deliverable Obligations having a liquidation value equal to the Credit Unwind Costs (only if positive) rounded upwards to the nearest whole denomination of a Deliverable Obligation, such amount to be determined by the Calculation Agent. For the avoidance of doubt, if the Issue Terms specify that Credit Unwind Costs are 'Not Applicable', the Physical Settlement Adjustment shall be zero.

"Physical Settlement Adjustment Rounding Amount" means an amount (if any) equal to the difference between the absolute value of the Physical Settlement Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Issuer by way of compensation for any Credit Unwind Costs.

"Physical Settlement Amount" means the applicable *pro rata* share of the Outstanding Amount of the relevant Deliverable Obligation as specified in the related Notice of Physical Settlement or NOPS Amendment Notice, to be delivered to a Securityholder at Physical Settlement.

"Physical Settlement Cut-off Date" means the relevant date specified in the applicable Issue Terms (or if that day is not a Clearing System Business Day, the next following Clearing System Business Day).

"Physical Settlement Date" means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date as specified in relation to a Reference Entity as the Calculation Agent may designate.

"Physical Settlement Matrix" means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Trade Date (unless otherwise specified in relation to a Reference Entity) and as published by ISDA on its website at www.isda.org (or any successor website thereto).

"Physical Settlement Period" means the number of CLN Business Days specified as such in relation to a Reference Entity or, if a number of CLN Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of CLN Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent, provided that if the Issuer or Calculation Agent (on its behalf) intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty 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 15 Business 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 or, as applicable, the Issue Date)).

"Potential Cash Settlement Event" means an event beyond the control of the Issuer (including, without limitation, failure of the relevant Clearing System; or the failure to obtain any requisite consent with respect to the delivery of Loans or the non-receipt of any such requisite consents or any relevant participation (in the case of Direct Loan Participation) is not effected; or due to any law, regulation or court order, but excluding market conditions, or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Securityholder to give the Issuer details of accounts for settlement; or a failure of the Securityholder to open or procure the opening of such accounts or if the Securityholders are unable to accept delivery of the portfolio of Deliverable Obligations for any other reason).

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

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

"Prior Deliverable Obligation" means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within the definition of Deliverable Obligation set out in paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

"Prior Reference Obligation" means, in circumstances where there is no Reference Obligation applicable to a Reference Entity, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the related Issue 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.

"Private-side Loan" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Prohibited Action" means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event") or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

"Public Source" means each source of Publicly Available Information specified as such in the related Issue Terms (or, if no such source is specified, 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 described in a Credit Event Notice has occurred and which:

- (a) has been published in or on not less than the number of Public Sources specified in respect of the Reference Entity (or, if no such number is specified, two) (regardless of whether the reader or user thereof pays a fee to obtain such information);

- (b) is information received from or published by (A) 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 (B) 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 (b) or (c) above, the Calculation Agent, the Issuer and/or any other party receiving such information 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 party delivering 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.

Without limitation, Publicly Available Information need not state (i) in relation to the "Downstream Affiliate" definition, 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 both sub-paragraphs (a) and (b) of the definition of "Repudiation/Moratorium".

"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 respect of the Reference Entity; or

- (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as "applicable" in respect of the Reference Entity.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of "Bankruptcy" in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (a) the benefit of such guarantee must be capable of being delivered together with the delivery of the Underlying Obligation; and
- (b) 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.

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

"Quotation" means, in respect of any Reference Obligation, Deliverable Obligation, Undeliverable Obligation or Valuation Obligation, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of its Outstanding Notional Balance, Due and Payable Amount or Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event, as applicable, 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 CLN Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same CLN Business Day within three CLN Business Days of a Relevant Valuation Date, then on the next following CLN Business Day (and, if necessary, on each CLN Business Day thereafter until the tenth CLN Business Day following the applicable Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more CLN Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same CLN Business Day on or prior to the tenth CLN Business Day following the applicable Relevant Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth CLN Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from CLN Dealers at the Valuation Time on such tenth CLN Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation shall be deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Quotation Amount" means:

- (a) with respect to a Reference Obligation or Valuation Obligation, the amount specified in relation to a Reference Entity (which may be specified by reference to an amount in a currency or by reference to an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent) or, if no amount is so specified, the Reference Entity Notional Amount (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce

commercially reasonable results, by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);

- (b) with respect to each type or issue of Deliverable Obligation to be Delivered on or prior to the Physical Settlement Date, an amount equal to the Outstanding Notional Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Deliverable Obligation; and
- (c) with respect to each type or issue of Undeliverable Obligation, an amount equal to the Outstanding Notional Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Undeliverable Obligation.

"Reference Asset Transfer Notice" means a notice which shall:

- (a) specify the name and address of the relevant Securityholder, any account details required for delivery and the person from whom the Issuer may obtain details for the delivery of Physical Settlement Amount if such delivery is to be made otherwise than in the manner specified in the General Conditions;
- (b) in the case of Securities represented by a Global Security, specify the nominal or notional amount of Securities which are the subject of such notice and the number of the Securityholder's account at the relevant Clearing System (if applicable), to be debited with such Securities and irrevocably instruct and authorise any relevant Clearing System (if applicable), to debit the relevant Securityholder's account with such Securities on the relevant Interest Payment Date, Coupon Payment Date and/or the Physical Settlement Date, the CLN Redemption Date, the Scheduled Redemption Date or other payment date, as the case may be;
- (c) include an undertaking to pay all Delivery Expenses and, in the case of Securities represented by a Global Security, an authority to debit a specified account of the Securityholder at the relevant Clearing System (if applicable), in respect thereof and to pay such Delivery Expenses; and
- (d) authorise the production of such notice in any applicable administrative or legal proceedings.

"Reference Entity" or **"Reference Entities"** means the reference entity or reference entities specified in the Issue Terms, which, for offers to the public or the listing of the Securities on a regulated market, shall have securities already admitted to trading on a regulated market, equivalent third country market or SME growth market, or, where applicable, identified in a Relevant Annex, and any Successor to a Reference Entity either:

- (a) identified by the Calculation Agent in accordance with the definition of "Successor" on or following the Trade Date or, where applicable, identified by an Index Sponsor; 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 Credit Linked Notes, as the terms of which may be modified pursuant to Credit Linked Note Payout Condition 7 (*Successors*).

"Reference Entity Notional Amount" means in respect of any Reference Entity, the amount in which the Issuer has purchased credit protection in respect of such Reference Entity, as set out in the Issue Terms or if no such amount is specified:

- (a) in the case of Single Name Credit Linked Notes or Nth-to-Default Credit Linked Notes where "Multiple Default Triggers" is 'Not Applicable', the Outstanding Notional Amount of the Credit Linked Notes;
- (b) in the case of Nth-to-Default Credit Linked Notes where "Multiple Default Triggers" is applicable, an amount equal to (i) the Outstanding Notional Amount of the Credit Linked Notes, divided by (ii) $(M+1-N)$;

- (c) in the case of Basket Credit Linked Notes, if a Reference Entity Weighting is specified or applies in respect of such Reference Entity, (i) the product of such Reference Entity Weighting for the relevant Reference Entity and the Outstanding Notional Amount of the Credit Linked Notes, divided by (ii) the sum of all Reference Entity Weightings, or, if no Reference Entity Weightings are specified for the Reference Entities (i) the Outstanding Notional Amount of the Credit Linked Notes, divided by (ii) the number of Reference Entities; and
- (d) in the case of Tranching CLNs, if a Reference Entity Weighting is specified or applies in respect of such Reference Entity, (i) the product of the Implicit Portfolio Size and the Reference Entity Weighting for the relevant Reference Entity, divided by (ii) the sum of all Reference Entity Weightings or, if no Reference Entity Weightings are specified for the Reference Entities, (i) the Implicit Portfolio Size, divided by (ii) the number of Reference Entities,

subject in each case to Credit Linked Note Payout Conditions 3 (*Redemption*), 7 (*Successors*) and 9 (*Restructuring Credit Event*) and as adjusted by the Calculation Agent to take account of any repurchase or cancellation of Credit Linked Notes or the issuance of any further Credit Linked Notes.

"Reference Entity Weighting" means, in respect of a Reference Entity, the weighting as specified in the Issue Terms for such Reference Entity.

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

- (a) "Standard Reference Obligation" is specified as 'Not Applicable' in relation to a Reference Entity, 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 relation to a Reference Entity (or no election is specified in relation to a Reference Entity), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in relation to a Reference Entity, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

"Reference Obligation Only" means any obligation that is a Reference Obligation and no Obligation Characteristics (for purposes of determining Obligations) or, as the case may be, no Deliverable Obligation Characteristics (for purposes of determining Deliverable Obligations) shall be applicable where Reference Obligation Only applies.

"Reference Obligation Only Trade" means a Reference Entity in respect of which (i) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category and (ii) "Standard Reference Obligation" is specified as 'Not Applicable'. If the event set out in paragraph (a) of the definition of "Substitution Event" occurs with respect to the Reference Obligation in a Reference Obligation Only Trade, the Issuer shall redeem or cancel, as applicable, all but not some only of the Credit Linked Notes on a date as specified by notice to the Securityholders in accordance with General Condition 12 (*Notices*) on or after the Substitution Event Date, and at an amount (which may be zero) in respect of each Credit Linked Note equal to the Early Redemption Amount.

Notwithstanding the definition of "Substitute Reference Obligation", (i) no Substitute Reference Obligation shall be determined in respect of a Reference Obligation Only Trade and (ii) if the events set out in paragraphs (b) or (c) of the definition of "Substitution Event" occur with respect to the Reference Obligation in a Reference Obligation Only Trade, such Reference Obligation shall continue to be the Reference Obligation.

"Relevant City Business Day" means, in respect of the relevant Reference Entity, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in (a) New York (if the relevant Transaction Type is in the Americas) or London (if the relevant Transaction Type is in Asia, EMEA, Australia or New Zealand) and (b) New York (if the relevant Transaction Type is in the Americas), Hong Kong (if the relevant Transaction Type is in Asia outside Japan), Sydney (if the relevant Transaction Type is in Australia or New Zealand), London (if the relevant Transaction Type is in EMEA) or Tokyo (if the relevant Transaction Type is in Japan).

"Relevant Guarantee" means a means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity or, if "All Guarantees" is specified as "applicable" in respect of the Reference Entity, a Qualifying Guarantee.

"Relevant Securityholder" means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Notional Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

"Relevant Obligations" means 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 the definition of "Successor", make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (c) if "Financial Reference Entity Terms" is specified as "applicable" in respect of the Reference Entity and "Senior Transaction" is applicable in respect of the Reference Entity, the related 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 respect of the Reference Entity, and "Subordinated Transaction" is applicable in respect of the Reference Entity, the related Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall have the same meaning as it would if the "Senior Transaction" were applicable in respect of the Reference Entity.

"Relevant Valuation Date" means the Settlement Valuation Date or Valuation Date, as the case may be.

"Replaced Deliverable Obligation Outstanding Amount" means the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced.

"Replacement Deliverable Obligation" means each replacement Deliverable Obligation that the Issuer intends to, subject to Credit Linked Note Payout Condition 5 (*Additional Provisions in Respect of Physical Settlement*), Deliver to the Securityholders in lieu of each original Deliverable Obligation which has not been Delivered as at the date of such NOPS Amendment Notice.

"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 Credit Observation Period End Date:

- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
 - (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and
 - (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

"Resolve" means a convened Credit Derivatives Determinations Committee making (a) a specific determination through a binding vote that satisfies the applicable voting threshold and (b) where such threshold is not met, the specific determination that is deemed to be made by it under applicable Rules, and **"Resolved"** and **"Resolves"** shall be interpreted accordingly.

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

"Restructuring" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date and the date as of which such Obligation is issued or incurred:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

- (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
 - (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
 - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
 - (iv) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of (a)(v) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.
- (c) For the purposes of (a) and (b) above and Credit Linked Note Payout Condition 9.5 (*Multiple Holder Obligations*), 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 (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under (a)(i) to (v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

"Restructuring Date" means, with respect to a Restructured Bond or Loan, 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 Credit Observation Period End Date. Notwithstanding the foregoing, if the final redemption date of the Restructured Bond or Loan with the latest final redemption 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 Credit Observation Period End Date occurs prior to the final redemption date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final redemption date of such Latest Maturity Restructured Bond or Loan.

"Revised Currency Rate" means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either:

- (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, as the Calculation Agent shall determine acting in good faith and using commercially reasonable procedures to produce commercially reasonable results.

"Rules" means the Credit Derivatives Determinations Committees Rules, as published on the website of the Credit Derivatives Determinations Committees at <https://www.cdsdeterminationscommittees.org> (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"Scheduled Redemption Date" means the date specified as such in the applicable Issue Terms which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Issue Terms.

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

"Senior Transaction" means a Reference Entity for which (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

"Seniority Level" means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in respect of the Reference Entity, or (b) if no such seniority level is specified in respect of the Reference Entity, "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".

"Settlement Currency" means the currency specified as such in the Issue Terms, or if no currency is so specified in the Issue Terms, the Specified Currency.

"Settlement Method" means the settlement method specified as such in the Issue Terms and if no Settlement Method is specified in the Issue Terms, Auction Settlement.

"Settlement Valuation Date" means the date being three CLN Business Days prior to the Delivery Date provided that if a Notice of Physical Settlement or NOPS Amendment Notice, as applicable, is given or, as the case may be, changed at any time after the third CLN Business Day prior to the Physical Settlement Date, the Settlement Valuation Date shall be the date which is three CLN Business Days after such Notice of Physical Settlement or NOPS Amendment Notice, as applicable, is given.

"Single Name Credit Linked Notes" means any Credit Linked Note specified as such in the Issue Terms.

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

"Specified Currency" means an obligation that is payable in the currency or currencies specified as such in respect of the Reference Entity (or, if "Specified Currency" is specified in respect of the Reference Entity and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

"SRO List" means the list of Standard Reference Obligations as published by IHS Markit at <https://www.spglobal.com/en/> from time to time (or any successor website thereto) or by a third party as may be designated 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 Currencies" 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 Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

"Subordinated Transaction" means a Reference Entity for which the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

"Subordination" means, with respect to an obligation (the "Second Obligation") and another obligation of the Reference Entity to which such obligation is being compared (the "First Obligation"), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, 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.

"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 (c) of the definition of "Substitution Event" have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii) below. If the event set forth in paragraph (b) of the definition of "Substitution Event" has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (a) or (c) of the definition of "Substitution Event" occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
 - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
 - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
 - (iii)
 - (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
 - (1) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
 - (2) 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";
 - (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:
 - (1) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (2) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
 - (3) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (4) 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"; 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:

- (1) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (2) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (3) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
 - (4) 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".
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c), the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Credit Linked Notes, as determined by the Calculation Agent. The Substitute Reference Obligation determined by the Calculation Agent shall, without further action, 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) and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b), the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

"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 identifies the Substitute Reference Obligation in accordance with the definition of "Substitute Reference Obligation".

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

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (c) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

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) of the definition of "Substitution Event" has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to such paragraph (a) or (b), 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.

"succeed" for the purposes of the provisions relating to the determination of a Successor and the definitions of "Successor" and "Sovereign Succession Event", 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 the provisions relating to the determination of a Successor and the definitions of "Successor" and "Sovereign Succession Event", "succeeded" and "succession" shall be construed accordingly.

"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 the definition of "Successor" would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"Successor" means, subject to Credit Linked Note Payout Condition 7.1(c) (*Provisions for determining a Successor*), the entity or entities, if any, determined as follows:

- (a) subject to paragraph (g) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
- (b) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
- (c) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;
- (d) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
- (e) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
- (f) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor

(provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor); and

- (g) 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 for the relevant Reference Entity.

"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 Calculation Agent determines a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) has occurred and (ii) the Successor Resolution Request Date, 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 Calculation Agent determines, not more than fifteen CLN Business 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, a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) has occurred. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"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.

"Surviving Reference Entity" has the meaning given to such term in Credit Linked Note Payout Condition 7.3(b) (*Nth-to-Default*) above.

"T2" means the real time gross settlement system operated by the Eurosystem or any successor or replacement for that system.

"T2 Settlement Day" means any day on which T2 is open.

"Trade Date" means the date specified as such in the Issue Terms.

"Transaction Type" means each "Transaction Type" specified as such in the Issue Terms from time to time.

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

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (the "**Securities Act**") (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.

"Undeliverable Obligation" means a Deliverable Obligation included in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, which, the Calculation Agent determines for any reason (including without limitation, , failure by the Noteholder to deliver a Reference Asset Transfer Notice, failure of the relevant Clearing 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 Loans) it is impossible or illegal to Deliver, as a result of an event described in Credit Linked Note Payout Condition 5.1 (*Partial Credit Event Cash Settlement*).

"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.

"Unsettled Credit Event" means any Event Determination Date in respect of a Reference Entity for which the related Final Price Calculation Date has not occurred.

"Valuation Date" means:

- (a) any CLN Business Day falling between the 1st and the 122nd CLN Business Day following the Event Determination Date (or, if the Event Determination Date occurs pursuant to sub-paragraph (b) above of the definition of "Event Determination Date", the day on which the DC Credit Event Announcement occurs, if later), or, following any Auction Cancellation Date or No Auction Announcement Date, such later CLN Business Day, (in each case, as selected by the Calculation Agent in its reasonable discretion);
- (b) if "Cash Settlement" is applicable after the occurrence of a Fallback Settlement Event, any CLN Business Day falling between the 1st and the 122nd CLN Business Day following the Event Determination Date, or, following any Auction Cancellation Date or No Auction Announcement Date, such later CLN Business Day, (in each case, as selected by the Calculation Agent in its reasonable discretion); or
- (c) if Partial Credit Event Cash Settlement applies, the date which is up to fifteen CLN Business Days after the Latest Permissible Physical Settlement Date or, as applicable the Extended Physical Settlement Date (as selected by the Calculation Agent acting in good faith).

"Valuation Obligation" means, in respect of a Reference Entity, notwithstanding anything to the contrary in these Payout Conditions for Credit Linked Notes, one or more obligations of such Reference Entity (either directly or as provider of a Relevant Guarantee) which is capable of being specified in a Notice of Physical Settlement (or in any NOPS Amendment Notice, as applicable) if Physical Settlement were the applicable Settlement Method and/or any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, in each case, as selected by the Issuer in its reasonable discretion on or prior to the applicable Valuation Date, provided that, for such purpose:

- (a) any reference to "Delivery Date" or "NOPS Effective Date" in the definitions of "Conditionally Transferable Obligation", "Deliverable Obligation", within any of the terms comprising "Deliverable Obligation Category" or "Deliverable Obligation Characteristic" and "Due and Payable Amount" shall be deemed to be a reference to the words "Relevant Valuation Date"; and
- (b) in respect of any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, any reference to "Outstanding Notional Balance", "Due and Payable Amount" or "Outstanding Amount" in the definitions of "Final Price", "Full Quotation", "Quotation", "Quotation Amount" and "Weighted Average Quotation" shall be deemed to be a reference to the words "Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event".

For the avoidance of doubt, the use of Deliverable Obligation terms in the definition of "Valuation Obligation" is for convenience only and is not intended to amend the selected settlement method.

"Valuation Obligations Portfolio" means one or more Valuation Obligations of a Reference Entity selected by the Calculation Agent in its reasonable discretion, each in an Outstanding Amount (or, as the case may be, an Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately

prior to the Asset Package Credit Event) selected by the Calculation Agent in its in its reasonable discretion (and references to "Quotation Amount" shall be construed accordingly), provided that the aggregate of such Outstanding Amounts (or in each case the equivalent in the Specified Currency thereof (converted at the foreign exchange rate prevailing on any date from (and including) the Event Determination Date to (and including) the Valuation Date, as selected by the Calculation Agent in its in its reasonable discretion)), shall not exceed the relevant Reference Entity Notional Amount.

"Valuation Time" means the time specified in relation to a Reference Entity or, if no such time is specified, 11:00 a.m. in the principal trading market for the relevant Valuation Obligation or Undeliverable Obligation, as the case may be.

"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 Final Price" means the weighted average of the Final Prices determined for each selected Valuation Obligation in the Valuation Obligations Portfolio, weighted by the outstanding amount of each such Valuation Obligation (or its equivalent in the Settlement Currency converted by the Calculation Agent, acting in good faith, and using commercially reasonable procedures to produce commercially reasonable results, by reference to exchange rates in effect at the time of such determination).

"Weighted Average Quotation" means, in accordance with the bid quotations provided by the CLN Dealers, the weighted average of firm quotations obtained from the CLN Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, with an Outstanding Notional Balance, Due and Payable Amount or Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event, as applicable (or its equivalent in the relevant currency converted by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, by reference to exchange rates in effect at the time of such determination), of as large a size as available but less than the Quotation Amount (in the case of Deliverable Obligations only, but of a size at least equal to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

"Writedown Amount" means, in respect of an Event Determination Date relating to a Reference Entity, the aggregate of the Incurred Loss Amounts (if any) and if "Incurred Recoveries" are specified as "applicable" in the Issue Terms, Incurred Recovery Amounts (if any) for the related Final Price Calculation Date and any related Aggregate Credit Unwind Costs.

"Zero Recovery Credit Linked Notes" means any Credit Linked Note with respect to which "Zero Recovery" is specified as the Settlement Method in the Issue Terms.

11.2 Definitions related to Auction Settlements

The following definitions apply to Auction Settlements:

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

"Auction Covered Transaction" has the meaning set forth in the Transaction Auction Settlement Terms, being all credit derivative transactions referencing the Affected Reference Entity which satisfy the criteria set forth in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, including in respect of the provisions in such credit derivative transactions that set forth the criteria for establishing what obligations may constitute Deliverable Obligations (or, in the case of a cash settled credit derivative transaction, the provisions therein that set forth the criteria for establishing what obligations may be valued to determine a final price).

"Auction Final Price" means the final price determined in a given Auction; specifically:

- (a) if the relevant Credit Derivatives Determinations Committee determines that an Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity in respect of which the Event Determination Date has occurred, the relevant Auction Final Price determined in accordance with such Auction;
- (b) if the relevant Credit Derivatives Determinations Committee determines that more than one Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity in respect of which the Event Determination Date has occurred, the Auction Final Price determined in accordance with the Auction applicable to credit derivatives transactions triggered by the credit protection buyer thereunder "**Buyer Credit Derivatives Transactions**" with scheduled termination dates of a range within which the Credit Period End Date falls;
- (c) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates of a range within which the Scheduled Redemption Date falls, the Auction Final Price determined in accordance with the Auction applicable to Buyer Credit Derivatives Transactions with scheduled termination dates falling next earliest to the Scheduled Redemption Date;
- (d) if no Auction is held applicable to Buyer Credit Derivatives Transactions with scheduled termination dates falling next earliest to the Scheduled Redemption Date, the Auction Final Price determined in accordance with the Auction applicable to Buyer Credit Derivatives Transactions with scheduled termination dates falling next following the Scheduled Redemption Date; or
- (e) if no Auction is held applicable to Buyer Credit Derivatives Transactions with scheduled termination dates falling next following the Scheduled Redemption Date, the Auction Final Price determined in accordance with the Auction applicable to credit derivatives transactions triggered by the credit protection seller thereunder.

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

"**Auction Settlement Amount**" means, in relation to any Reference Entity, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

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

Where:

"**A**" means the Reference Entity Notional Amount;

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

"**C**" means the Credit Unwind Costs (unless the Issue Terms specify that Credit Unwind Costs are 'Not Applicable', in which event "C" means zero); and

"**PPA**" means the Principal Protection Level specified in the Issue Terms multiplied by the Reference Entity Notional Amount (and if there is no such level, shall be disregarded).

"**Auction Settlement Amount Notice**" means a notice given by the Issuer to the Calculation Agent and the Securityholders in accordance with General Condition 12 (*Notices*) on or prior to the date which is 65 Business Days following the Final List Publication Date (or, if later, the Movement Option Cut-off Date) specifying:

- (a) the Transaction Auction Settlement Terms or Parallel Auction Settlement Terms which the Issuer has elected to apply to the Credit Linked Notes (provided that the Issuer may only elect to apply any Parallel Auction Settlement Terms (for purposes of which all Deliverable Obligations (as defined in respect of the Final List) on the Final List will be Permissible Deliverable Obligations) in the circumstances set out in sub-paragraph (b) or (c)(ii) of the definition of "No Auction Announcement Date"); and

(b) the Auction Settlement Amount.

"Auction Settlement Date" means the date that is three Business Days following delivery by the Issuer of the Auction Settlement Amount Notice to the Calculation Agent and the Securityholders in accordance with General Condition 12 (*Notices*).

"Credit Derivatives Auction Settlement Terms" means, in relation to any Reference Entity, the Credit Derivatives Auction Settlement Terms published by ISDA, with respect to the relevant Reference Entity, 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 as may be amended from time to time.

"Deliverable Obligation Provisions" in relation to any Reference Entity, has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

"Deliverable Obligation Terms" in relation to any Reference Entity, has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"Fallback Settlement Event" means:

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs (and in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not delivered an Auction Settlement Amount Notice specifying an applicable Parallel Auction Settlement Terms on or prior to the Movement Option Cut-off Date);
- (c) a DC Credit Event Question Dismissal occurs; or
- (d) an Event Determination Date has occurred pursuant to sub-paragraph (a) of the definition of "Event Determination Date", and no Credit Event Resolution Request Date has occurred within three Business Days of such Event Determination Date.

"Fallback Settlement Method" means Cash Settlement or Physical Settlement, as specified in the Issue Terms.

"No Auction Announcement Date" means, with respect to any Reference Entity and 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 with respect to credit derivative transactions in the over-the-counter market and the relevant Credit Event and Reference Entity;
- (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 with respect to such Reference Entity and Credit Event following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
 - (i) no Parallel Auction will be held; or
 - (ii) one or more Parallel Auctions will be held.

"Parallel Auction" means **"Auction"** as defined in any relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means **"Auction Cancellation Date"** as defined in any relevant Parallel Auction Settlement Terms.

"Parallel Auction Final Price Determination Date" means the "Auction Final Price Determination Date" as defined in any relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions which would be applicable to the Notional Credit Derivative Transaction and for which the Notional Credit Derivative Transaction would not be an Auction Covered Transaction.

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

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

"Transaction Auction Settlement Terms" means, in respect of any Reference Entity and a related Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA in respect of such Credit Event and in respect of which the Notional Credit Derivative Transaction would be an Auction Covered Transaction.

11.3 Definitions related to Tranched CLNs

The following definitions apply to Tranched CLNs only:

"Aggregate Incurred Recovery Amount" means, in respect of Tranched CLNs and any date, an amount (subject to a minimum of zero) equal to:

- (a) the aggregate of any Incurred Recovery Amounts calculated with respect to all Reference Entities up to and including such date; minus
- (b) the sum of all Aggregate Credit Unwind Costs (without double counting). "Aggregate Loss Amount" means, in respect of Tranched CLNs and any date, the aggregate of all Loss Amounts calculated with respect to all Reference Entities up to and including such date.

"Aggregate Recovery Amount" means, in respect of Tranched CLNs and any date, the aggregate of all Recovery Amounts calculated with respect to all Reference Entities up to and including such date.

"Attachment Point" means the value specified as such in the Issue Terms.

"Exhaustion Point" means the value specified as such in the Issue Terms.

"Implicit Portfolio Size" means an amount equal to the aggregate Notional Amount as at the Issue Date divided by the Tranche Size.

"Incurred Loss Amount" means, with respect to a Reference Entity and a Final Price Calculation Date, an amount calculated on such Final Price Calculation Date equal to the lowest of:

- (a) the Loss Amount;
- (b) the Aggregate Loss Amount (including the related Loss Amount for that Reference Entity and Final Price Calculation Date) minus the Loss Threshold Amount on such Final Price Calculation Date (following any adjustments thereto on such date), subject to a minimum of zero; and
- (c) the aggregate Outstanding Notional Amount of the Credit Linked Notes (prior to any reduction thereto in respect of that Reference Entity and Final Price Calculation Date).

"Incurred Recovery Amount" means, with respect to a Reference Entity and a Final Price Calculation Date, an amount calculated on such Final Price Calculation Date equal to the lowest of:

- (a) the Recovery Amount;
- (b) the Aggregate Recovery Amount (including the related Recovery Amount for that Reference Entity and Final Price Calculation Date) minus the Recovery Threshold Amount on such Final Price Calculation Date (following any adjustments thereto on such date), subject to a minimum of zero; and
- (c) the aggregate Outstanding Notional Amount of the Credit Linked Notes (prior to any reduction thereto in respect of that Reference Entity and Final Price Calculation Date).

"Interest Shortfall Amount" means, in respect of each Credit Linked Note and any Interest Payment Date or the Final Settlement Date, an amount equal to the aggregate of the shortfalls in the interest paid in respect of such Credit Linked Note on any previous Interest Payment Date as a result of a Deemed Interest Reduction as against the interest which would have been payable in respect of such Credit Linked Note on such Interest Payment Date on the basis of the actual Writedown Amount (if any) determined on the related Final Price Calculation Date or, as the case may be, on the basis of a determination by the Calculation Agent that no Event Determination Date has subsequently occurred or could subsequently occur in respect of the relevant Reference Entity.

"Loss Amount" means a Reference Entity and a Final Price Calculation Date, an amount calculated on that Final Price Calculation Date equal to:

- (a) 100 per cent. minus unless the Credit Linked Notes are Zero Recovery Credit Linked Notes, either (i) the Auction Final Price or (ii) if Cash Settlement applies, the Weighted Average Final Price (or, if so specified in the Issue Terms, the Final Price or such other price specified therein) for that Reference Entity as of such Final Price Calculation Date; multiplied by
- (b) the Reference Entity Notional Amount for that Reference Entity, as at the relevant Event Determination Date,

subject to a minimum of zero.

"Loss Threshold Amount" means an amount equal to the Implicit Portfolio Size multiplied by the Attachment Point.

"Recovery Amount" means a Reference Entity and a Final Price Calculation Date, an amount calculated on that Final Price Calculation Date equal to:

- (a) the lesser of 100 per cent. and either (i) the Auction Final Price or (ii) if Cash Settlement applies, the Weighted Average Final Price (or, if so specified in the Issue Terms, the Final Price or such other price specified therein) for that Reference Entity as of such Final Price Calculation Date (or, in the case of Zero Recovery Credit Linked Notes, zero); multiplied by
- (b) the Reference Entity Notional Amount for that Reference Entity, as at the relevant Event Determination Date,

subject to a minimum of zero.

"Recovery Threshold Amount" means an amount equal to (a) the Implicit Portfolio Size multiplied by (b) 100 per cent. minus the Exhaustion Point.

"Redemption Preliminary Amount" means, in respect of any Tranching CLN and any relevant date, an amount (subject to a minimum of zero) equal to:

- (a) the Outstanding Notional Amount of such Credit Linked Note (as reduced at or prior to such time); minus
- (b) its *pro rata* share of the Unsettled Retention Amount.

"Redemption Residual Amount" means, in respect of any Tranche CLN and any relevant date, its remaining Outstanding Notional Amount of the Credit Linked Notes (after deduction of the aggregate Redemption Preliminary Amounts and as otherwise reduced at or prior to such time).

"Tranche Size" means the Exhaustion Point minus the Attachment Point.

"Tranche CLNs" means Credit Linked Notes where the Issuer purchases credit protection from the Securityholders in respect of a tranching basket of Reference Entities (other than on an Nth-to-default basis), as specified in the Issue Terms.

"Unsettled Retention Amount" means, in respect of Tranche CLNs in respect of which one or more Unsettled Credit Events has occurred, the sum of the maximum aggregate Incurred Loss Amounts and maximum aggregate Incurred Recovery Amounts which could be determined (assuming an Auction Final Price, Weighted Average Final Price or Final Price of zero in respect of each Unsettled Credit Event).

ANNEX A TO THE PAYOUT CONDITIONS FOR CREDIT LINKED NOTES

AUCTION SETTLEMENT

Capitalised terms used but not defined in this summary have the meaning specified in the Rules and the Form of Auction Settlement Terms (as defined below or in Annex B to the Payout Conditions for Credit Linked Notes). All times of day in this summary refer to such times in London.

Publication of Credit Derivatives Auction Settlement Terms

A Credit Derivatives Determinations Committee may determine that a Credit Event has occurred in respect of a Reference Entity (such entity, an "**Affected Reference Entity**") and that one or more auctions will be held in order to settle affected transactions referencing such Affected Reference Entity based upon a specified Auction Final Price determined in accordance with an auction procedure (each, an "**Auction**"). If an Auction is to be held, the Credit Derivatives Determinations Committee will publish Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, based upon the Form of Auction Settlement Terms first published as Annex B to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions, published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") on 12 March 2009 (the "**Form of Auction Settlement Terms**"). Securityholders should note that the Credit Derivatives Determinations Committees have the power to amend the form of Credit Derivatives Auction Settlement Terms for a particular auction and that this summary may therefore not be accurate in all cases. The following does not purport to be a complete summary and Investors must refer to the Form of Auction Settlement Terms for detailed information regarding the auction methodology set forth therein (the "**Auction Methodology**"). The Auction and the Auction Methodology apply to credit default swaps on the Reference Entity and do not apply specifically to the Credit Linked Notes. A copy of the Form of Auction Settlement Terms may be inspected at the offices of the Issuer and is also currently available at www.isda.org (or any successor website thereto). The Credit Derivatives Determinations Committee will additionally make several related determinations, including the date on which the Auction will be held (the "**Auction Date**"), the institutions that will act as participating bidders in the Auction (the "**Participating Bidders**") and the supplemental terms that are detailed in Schedule 1 to the Form of Auction Settlement Terms. The Credit Derivatives Determinations Committee may also amend the Form of Auction Settlement Terms for a particular auction and may determine that a public comment period is necessary in order to effect such an amendment if such amendment is not contemplated by the Rules.

Auction Methodology

Determining the Auction Currency Rate

On the Auction Currency Fixing Date, the Administrators will determine the rate of conversion (each, an "**Auction Currency Rate**") as between the Relevant Currency and the currency of denomination of each Deliverable Obligation (each, a "**Relevant Pairing**") by reference to a Currency Rate Source or, if such Currency Rate Source is unavailable, by seeking mid-market rates of conversion from Participating Bidders (determined by each such Participating Bidder in a commercially reasonable manner) for each such Relevant Pairing. If rates of conversion are sought from Participating Bidders and more than three such rates are obtained by the Administrators, the Auction Currency Rate will be the arithmetic mean of such rates, without regard to the rates having the highest and lowest values. If exactly three rates are obtained, the Auction Currency Rate will be the rate remaining after disregarding the rates having the highest and lowest values. For this purpose, if more than one rate has the same highest or lowest value, then one of such rates shall be disregarded. If fewer than three rates are obtained, it will be deemed that the Auction Currency Rate cannot be determined for such Relevant Pairing.

Initial Bidding Period

During the Initial Bidding Period, Participating Bidders will submit to the Administrators: (a) Initial Market Bids; (b) Initial Market Offers; (c) Dealer Physical Settlement Requests; and (d) Customer Physical Settlement Requests (to the extent received from customers).

Initial Market Bids and Initial Market Offers are firm quotations, expressed as percentages, to enter into credit derivative transactions in respect of the Affected Reference Entity on terms equivalent to the Representative Auction-Settled Transaction.

The Initial Market Bid and Initial Market Offer submitted by each Participating Bidder must differ by no more than the designated Maximum Initial Market Bid-Offer Spread and must be an integral multiple of the Relevant Pricing Increment (each as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity). The Initial Market Bid must be less than the Initial Market Offer.

"Dealer Physical Settlement Requests" and **"Customer Physical Settlement Requests"** are firm commitments, submitted by a Participating Bidder, on its own behalf or on behalf of a customer, as applicable, to enter into a Representative Auction-Settled Transaction, in each case, as seller (in which case, such commitment will be a **"Physical Settlement Buy Request"**) or as buyer (in which case, such commitment will be a **"Physical Settlement Sell Request"**). Each Dealer Physical Settlement Request must be, to the best of such Participating Bidder's knowledge and belief, in the same direction as, and not in excess of, its Market Position. Each Customer Physical Settlement Request must be, to the best of the relevant customer's knowledge and belief (aggregated with all Customer Physical Settlement Requests submitted by such customer), in the same direction as, and not in excess of, its Market Position.

If the Administrators do not receive valid Initial Market Bids and Initial Market Offers from at least a minimum number of Participating Bidders (as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity), the timeline will be adjusted and the Initial Bidding Period extended, with the Auction recommencing at such time(s) specified by the Administrators, otherwise it will proceed as follows.

Determination of Open Interest, Initial Market Midpoint and Adjustment Amounts

The Administrators will calculate the Open Interest, the Initial Market Midpoint and any Adjustment Amounts in respect of the Auction.

The Open Interest is the difference between all Physical Settlement Sell Requests and all Physical Settlement Buy Requests.

To determine the Initial Market Midpoint, the Administrators will: (a) sort the Initial Market Bids in descending order and the Initial Market Offers in ascending order, identifying non-tradeable markets for which bids are lower than offers; (b) sort non-tradeable markets in terms of tightness of spread between Initial Market Bid and Initial Market Offer; and (c) identify that half of the non-tradeable markets with the tightest spreads. The Initial Market Midpoint is determined as the arithmetic mean of the Initial Market Bids and Initial Market Offers contained in the half of non-tradeable markets with the tightest spreads.

Any Participating Bidder whose Initial Market Bid or Initial Market Offer forms part of a tradeable market will be required to make a payment to ISDA on the third Business Day after the Auction Final Price Determination Date (an **"Adjustment Amount"**), calculated in accordance with the Auction Methodology. Any payments of Adjustment Amounts shall be used by ISDA to defray any costs related to any auction that ISDA has coordinated, or that ISDA will in the future coordinate, for purposes of settlement of credit derivative transactions.

If for any reason no single Initial Market Midpoint can be determined, the procedure set out above may be repeated.

At or prior to the Initial Bidding Information Publication Time on any day on which the Initial Bidding Period has successfully concluded, the Administrators publish the Open Interest, the Initial Market Midpoint and the details of any Adjustment Amounts in respect of the Auction.

If the Open Interest is zero, the Auction Final Price will be the Initial Market Midpoint.

Submission of Limit Order Submissions

In the event that the Open Interest does not equal zero, a subsequent bidding period will be commenced during the Initial Bidding Period which: (a) if the Open Interest is an offer to sell Deliverable Obligations, Participating Bidders submit Limit Bids; or (b) if the Open Interest is a bid to purchase Deliverable Obligations, Limit Offers, in each case, on behalf of customers and for their own account.

Matching bids and offers

If the Open Interest is a bid to purchase Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Offers and Limit Offers, as further described in the Auction Methodology. If the Open Interest is an offer to sell Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Bids and Limit Bids, as further described in the Auction Methodology.

Auction Final Price when the Open Interest is Filled

The Auction Final Price will be the price associated with the matched Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, that is the highest offer or the lowest bid, as applicable, provided that: (a) if the Open Interest is an offer to sell and the price associated with the lowest matched bid exceeds the Initial Market Midpoint by more than the "Cap Amount" (being the percentage that is equal to one half of the Maximum Initial Market Bid-Offer Spread (rounded to the nearest Relevant Pricing Increment)), then the Auction Final Price will be the Initial Market Midpoint plus the Cap Amount; and (b) if the Open Interest is a bid to purchase and the Initial Market Midpoint exceeds the price associated with the highest offer by more than the Cap Amount, then the Auction Final Price will be the Initial Market Midpoint minus the Cap Amount.

Auction Final Price when the Open Interest is Not Filled

If, once all the Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, have been matched to the Open Interest, part of the Open Interest remains, the Auction Final Price will be: (a) if the Open Interest is a bid to purchase Deliverable Obligations, the greater of (i) zero, and (ii) the highest Limit Offer or Initial Market Offer received; or (b) if the Open Interest is an offer to sell Deliverable Obligations, zero.

100 per cent. Cap to Auction Final Price

In all cases, if the Auction Final Price determined pursuant to the Auction Methodology is greater than 100 per cent., then the Auction Final Price will be deemed to be 100 per cent.

Publication of Auction Final Price

At or prior to the Subsequent Bidding Information Publication Time on any day on which the subsequent bidding period has successfully concluded, the Administrators will publish on their websites: (a) the Auction Final Price; (b) the names of the Participating Bidders who submitted bids, offers, valid Dealer Physical Settlement Requests and valid Customer Physical Settlement Requests, together with the details of all such bids and offers submitted by each; and (c) the details and size of all matched trades.

Restructuring

Following certain Restructuring credit events, more than one auction may be held and there may be more than one Auction Final Price and credit default swaps are grouped into buckets by maturity and depending on which party triggers the credit default swap. Deliverable Obligations will be identified for each bucket (any deliverable obligations included in a shorter bucket will also be deliverable for all longer buckets). If the Credit Derivatives Determinations Committee determines to hold an auction for a particular bucket, then that auction will be held according to the existing auction methodology that has previously been used for Bankruptcy and Failure to Pay credit events as described in the summary below, except that the deliverable obligations will be limited to those falling within the relevant maturity bucket. Alternatively, if so specified in the Issue Terms under "Issuer Election of Specific Auction", the Issuer may elect which specific auction shall apply to the Credit Linked Notes.

Execution of Trades Formed in the Auction

Each Participating Bidder whose Limit Bid or Initial Market Bid (or Limit Offer or Initial Market Offer if applicable) is matched against the Open Interest, and each Participating Bidder that submitted a Customer Physical Settlement Request or Dealer Physical Settlement Request, is deemed to have entered into a Representative Auction-Settled Transaction, and each customer that submitted such a Limit Bid, Limit Offer, or Physical Settlement Request is deemed to have entered into a Representative Auction-Settled Transaction with the dealer through whom the customer submitted such bid or offer. Accordingly, each such Participating Bidder or customer that is a seller of Deliverable Obligations pursuant to a trade formed in the auction must deliver to the buyer to whom such Participating Bidder or customer has been matched a notice indicating the Deliverable Obligations that it will deliver, and such Deliverable Obligations will be sold to the buyer in exchange for payment of the Auction Final Price.

Timing of Auction Settlement Provisions

If an Auction is held in respect of an Affected Reference Entity, it is expected that the relevant Auction Date will occur on the third Business Day immediately prior to the 30th calendar day after which the relevant Credit Derivatives Determinations Committee received the request from an eligible market participant (endorsed by a member of the relevant Credit Derivatives Determinations Committee) to resolve whether a Credit Event has occurred with respect to such Reference Entity.

In respect of an Affected Reference Entity for which an Auction is held, the Auction Settlement Date will occur on a Business Day following the Auction Final Price Determination Date, as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

ANNEX B TO THE PAYOUT CONDITIONS FOR CREDIT LINKED NOTES CREDIT

DERIVATIVES DETERMINATIONS COMMITTEES

In making certain determinations with respect to the Credit Linked Notes, the Calculation Agent may but is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committees. This Annex sets forth a summary of the Credit Derivatives Determinations Committees Rules, as published by DC Administration Services, Inc. on behalf of ISDA and made available on the website of the Credit Derivatives Determinations Committees at <https://www.cdsdeterminationscommittees.org> (or any successor website thereto) as of 9 March 2018 (the "**Rules**") and is subject to the rules as published by ISDA from time to time and as amended from time to time. This summary is not intended to be exhaustive and Investors should also read the Rules and reach their own views prior to making any investment decisions. A copy of the Rules published by DC Administration Services, Inc. on behalf of ISDA is available at: <https://www.cdsdeterminationscommittees.org> (or any successor website thereto).

Capitalised terms used but not defined in this summary have the meaning specified in the Issue Terms or the Rules, as applicable.

Establishment of the Credit Derivatives Determinations Committees

In accordance with the Rules, a Credit Derivatives Determinations Committee has been formed for each of the regions of (a) the Americas, (b) Asia Ex-Japan, (c) Australia-New Zealand, (d) Europe, Middle East and Africa and (e) Japan. As of the date hereof, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees. See "Risk Factors – Risks Associated with Credit Derivatives Determinations Committees" for additional information regarding conflicts of interest. The Credit Derivatives Determinations Committees will act in accordance with the Rules and will make determinations that are relevant for Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2014 ISDA Credit Derivatives Definitions as amended from time to time (the "**2014 Definitions**"). ISDA will serve as the secretary of each Credit Derivatives Determinations Committee and will perform administrative duties and make certain determinations as provided for under the Rules.

Decision-making Process of the Credit Derivatives Determinations Committees

Each DC Resolution by a Credit Derivatives Determinations Committee will apply to Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions (depending on the applicable "Coverage Election" and subsequent determinations of the Credit Derivatives Determinations Committee) and for which the relevant provisions are not materially inconsistent with the provisions with respect to which the Credit Derivatives Determinations Committee bases its determination. As a result, determinations by the Credit Derivatives Determinations Committees are not applicable to the Securityholders, unless specified otherwise in the terms of the Credit Linked Notes. The Credit Derivatives Determinations Committees shall have no ability to amend the terms of the Credit Linked Notes. Furthermore, the institutions on the Credit Derivatives Determinations Committees owe no duty to the Securityholders. See "Risk Factors - Risks Associated with Credit Derivatives Determinations Committees" for further information. The terms of the Credit Linked Notes provide that the Securityholders will be subject to certain determinations by the Credit Derivatives Determinations Committees. The Credit Derivatives Determinations Committees will be able to make determinations without action or knowledge by the Securityholders.

A Credit Derivatives Determinations Committee will be convened upon referral of (i) a question to ISDA by an identified eligible market participant and the agreement of at least one of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question, or (ii) a question to ISDA by an unidentified eligible market participant and the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question, or (iii) a question to ISDA by an

eligible market participant which is an Eligible CCP (being an eligible clearing entity) and such question is not designated as a "General Interest Question" and relates to an eligible cleared Reference Entity with respect to such Eligible CCP and to certain specified matters such as a Credit Event, Potential Repudiation/Moratorium and/or Successor. ISDA will convene the Credit Derivatives Determinations Committee for the region to which the referred question relates, as determined in accordance with the Rules. Any party to a transaction that incorporates, or is deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions may refer a question to ISDA for a Credit Derivatives Determinations Committee to consider. Therefore, a binding determination may be made with respect to the Credit Linked Notes without any action by the Securityholders. Securityholders (in their capacity as holders of the Credit Linked Notes) will not be able to refer questions to the Credit Derivatives Determinations Committees.

Once a question is referred to a Credit Derivatives Determinations Committee, a DC Resolution may result quickly, as a binding vote usually must occur within two business days of the first meeting held with respect to such question unless the timeframe is extended by agreement of at least 80% of the voting members participating in a vote held in accordance with the Rules. In addition, voting members of the Credit Derivatives Determinations Committees are required to participate in each binding vote, subject only to limited abstention rights. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions, meeting statements and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Securityholders of such information (other than as expressly provided in the Issue Terms). Securityholders shall therefore be responsible for obtaining such information. See "Risk Factors – Risks Associated with Credit Derivatives Determinations Committees".

The Credit Derivatives Determinations Committees have the ability to make determinations that may materially affect the Securityholders. The Credit Derivatives Determinations Committees will be able to make a broad range of determinations in accordance with the Rules that may be relevant to the Credit Linked Notes and materially affect the Securityholders. For each of the general types of questions discussed below, the Credit Derivatives Determinations Committees may determine component questions that arise under the 2014 Definitions or the Updated 2003 Definitions, or the Rules and that are related to the initial question referred. Since the terms governing the Credit Linked elements of the Credit Linked Notes are substantially similar to the 2014 Definitions or, as the case may be, the Updated 2003 Definitions, such determinations may affect the Securityholders, as further described below.

Credit Events

The Credit Derivatives Determinations Committees will be able to determine whether a Credit Event has occurred and, if applicable, the date of such Credit Event. Related questions that are also within the scope of the Credit Derivatives Determinations Committees are whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred. In addition, the Credit Derivatives Determinations Committees will also determine, where necessary, whether the required Publicly Available Information has been provided. Each of these determinations, other than whether the required Publicly Available Information has been provided, requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. The determination of whether the required Publicly Available Information has been provided requires the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the Rules and is not eligible for external review. Each of these determinations may affect whether an Event Determination Date will occur under the Credit Linked Notes. If the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred with respect to one of the Reference Entity(ies) on or after the Credit Event Backstop Date, then an Event Determination Date is deemed to have occurred in respect of the Credit Linked Notes.

Successors

The Credit Derivatives Determinations Committees will be able to determine whether there are any Successor or Successors to a Reference Entity and the relevant Succession Date. In addition, the Credit Derivatives Determinations Committees will also determine the identity of the Successor(s) in accordance with the Rules. For a Reference Entity that is not a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity (including any adjustments required to be made if there is a Steps Plan), the proportion of the Relevant Obligation(s) to which each purported Successor succeeds and the Succession Date. For a Reference Entity that is a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity (including any adjustments to be made if there is a Steps Plan), whether a Sovereign Succession Event has occurred, if so the proportion of the Relevant Obligation(s) to which each purported Successor succeeds, and the Succession Date. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below, except for the actual identification of the Successor(s) for a Reference Entity (which only requires a majority and is not eligible for external review). The Calculation Agent may use the relevant DC Resolutions of the Credit Derivatives Determinations Committees in order to determine Successor(s) to the Reference Entity(ies).

Other Questions

The Credit Derivatives Determinations Committees will be able to determine whether circumstances have occurred that require a Substitute Reference Obligation to be identified and, if so, the appropriate Substitute Reference Obligation. The Credit Derivatives Determinations Committees may also make determinations in relation to (i) Standard Reference Obligations and if applicable replacement Standard Reference Obligations in accordance with the Standard Reference Obligation Rules and (ii) whether or not Asset Package is applicable pursuant to the 2014 Definitions and if so, any Asset Package relating to a Prior Deliverable Obligation or Package Observable Bond, as applicable. In addition, the Credit Derivatives Determinations Committees will be able to determine whether an entity that acts as seller of protection under one or more transactions (such entity, the "**Relevant Seller**") or a Reference Entity has consolidated or amalgamated with, or merged into, or transferred all or substantially all its assets to, the Reference Entity or the Relevant Seller, as applicable, or that the Relevant Seller and the Affected Reference Entity have become Affiliates. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. The Calculation Agent may follow such DC Resolutions in making the equivalent determinations with respect to the Credit Linked Notes.

The Credit Derivatives Determinations Committees will be able to determine other referred questions that are relevant to the credit derivatives market as a whole and are not merely a matter of bilateral dispute. Such questions require the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules for each Credit Derivatives Determinations Committee implicated by the relevant question, as determined in accordance with the Rules, in order to avoid the possible referral of the question to the external review process, as described further below. Furthermore, the question relating to such DC Resolution may also be referred to the external review process if at least a majority of the voting members participating in a binding vote held in accordance with the Rules agree. Any guidance given by the Credit Derivatives Determinations Committees with respect to questions of interpretation of the 2014 Definitions or, as the case may be, the Updated 2003 Definitions are likely to influence the Calculation Agent in interpreting equivalent provisions under the Credit Linked Notes.

Any such question can be submitted to the Credit Derivatives Determinations Committees by an unidentified eligible market participant for deliberation. The relevant Credit Derivatives Determinations Committee(s) will deliberate such question upon the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question. Once the deliberations on such question have commenced, the relevant Credit Derivatives Determinations Committee will proceed in accordance with the procedures described above with respect to the relevant question category, except that the identity of the

eligible market participant who submitted the question will not be revealed to the members of the Credit Derivatives Determinations Committees or the general public.

External Review

As described immediately above, certain questions deliberated by the Credit Derivatives Determinations Committees are subject to an external review process if the required threshold is not met during the binding vote held with respect to such question. For such questions, if at least 80% of the voting members participating in a binding vote held in accordance with the Rules fail to agree, the question will be automatically referred to the external review process. Questions that are not eligible for external review often require only a simple majority of participating voting members to agree in order to reach a DC Resolution.

Questions referred to external review will be considered by a panel of three independent individuals who will be selected by either the relevant Credit Derivatives Determinations Committee or by ISDA at random. The default duration of the external review process (which can be modified by the relevant Credit Derivatives Determinations Committee in accordance with the Rules) is twelve business days from the referral of the question and contemplates the receipt of both written submissions and oral argument. Any member of ISDA may provide written submissions to the external reviewers, which will be made available to the public on the ISDA website, and the conclusion reached in accordance with the external review process will be binding on the Securityholders. In instances where the vote of the relevant Credit Derivatives Determinations Committee was less than or equal to 60%, the decision of a majority of the external reviewers will be determinative. However, in instances where the vote of the relevant Credit Derivatives Determinations Committee was between 60% and 80%, all three external reviewers must agree in order to overturn the vote of the Credit Derivatives Determinations Committee.

Securityholders should be aware that the external reviewers may not consider new information that was not available to the relevant Credit Derivatives Determinations Committee at or prior to the time of the binding vote and questions may be returned to the Credit Derivatives Determinations Committee for another vote if new information becomes available. In addition, if the external reviewers fail to arrive at a decision for any reason, the entire process will be repeated. As a result, the external review process may be elongated in certain situations, leaving questions that may materially affect the Securityholders unresolved for a period of time.

The Composition of the Credit Derivatives Determinations Committees

Each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region. For the first composition of the Credit Derivatives Determinations Committees only, an additional non-voting dealer institution has been selected to serve across all regions.

Securityholders will have no role in the composition of the Credit Derivatives Determinations Committees. Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on the Credit Derivatives Determinations Committees and the Securityholders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the Rules, as the term of an institution may expire or an institution may be required to be replaced. The Securityholders will have no control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Credit Linked Notes, will be subject to the determinations made by such selected institutions in accordance with the Rules.

Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees

As of the date hereof, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees. In such capacity, it may take certain actions that may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees, including (without limitation): (a) agreeing to deliberate a question referred to the DC Secretary, (b) voting on the resolution of any question being deliberated by a Credit Derivatives Determinations Committee and (c) advocating a certain position during the external review process. In addition, as a party to transactions which incorporate, or are deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions, the Calculation Agent may refer a question to the DC Secretary for a Credit Derivatives Determinations Committee to deliberate. In deciding whether to take any such action, the Calculation Agent (or its Affiliate) shall be under no obligation to consider the interests of any Securityholder. See "Potential conflicts of interest of the Calculation Agent" below for additional information.

Potential Conflicts of interest of the Calculation Agent

Since, as of the date hereof, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees and is a party to transactions which incorporate, or are deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions, it may take certain actions which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees. See "Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees" above for additional information. Such action may be adverse to the interests of the Securityholders and may result in an economic benefit accruing to the Calculation Agent. In taking any action relating to the Credit Derivatives Determinations Committees or performing any duty under the Rules, the Calculation Agent shall have no obligation to consider the interests of the Securityholders and may ignore any conflict of interest arising due to its responsibilities under the Credit Linked Notes.

Securityholders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or the external reviewers. Institutions serving on the Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the institutions on the Credit Derivatives Determinations Committees do not owe any duty to the Securityholders and the Securityholders will be prevented from pursuing claims with respect to actions taken by such institutions under the Rules.

Securityholders should also be aware that institutions serving on the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Securityholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Securityholders of such information (other than as expressly provided in the Issue Terms). Failure by the Securityholders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under the Issue Terms and Securityholders are solely responsible for obtaining any such information.

Amendments to the Rules

The Rules may be amended from time to time without the consent or input of the Securityholders and the powers of the Credit Derivatives Determinations Committees may be expanded or modified as a result.

UNDERLYING SPECIFIC CONDITIONS

SHARE LINKED CONDITIONS

The provisions of these Share Linked Conditions shall apply to Share Linked Securities and Hybrid Securities that include Share Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is a Share.

1. Consequences of Disrupted Days

1.1 Single Share and Underlying Valuation Dates

Where the Securities relate to a single Share (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the Share on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Share in accordance with General Condition 12 (*Notices*).

1.2 Basket of Underlyings and Underlying Valuation Dates - Individual Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 12 (*Notices*).

1.3 **Basket of Underlyings and Underlying Valuation–Dates - Common Postponement of Underlying Valuation Dates**

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Shares in the basket (each such Share an "**Affected Share**" in respect of such Underlying Valuation Date);
- (b) in respect of each Share in the basket that is not an Affected Share, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- (c) in respect of each Affected Share, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Share(s) in accordance with General Condition 12 (*Notices*).

1.4 **Postponement of consequential dates, Substitution Event or Special Circumstance**

A Disrupted Day may delay the determination of the price or return of the relevant Share and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the price of the relevant Share that may be payable.

In addition, if prior to the Redemption Valuation Date a Disrupted Day occurs and continues for at least the Maximum Days of Disruption consecutive Exchange Business Days/Scheduled Trading Days, then (i) such occurrence could constitute a Substitution Event or (ii) the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2. **Adjustments**

2.1 **Consequences of a Potential Adjustment Event**

If the Calculation Agent determines that a Potential Adjustment Event has occurred in relation to a Share, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of such Share and, if so, the Calculation Agent may (but is not obliged to):

- (a) make the corresponding adjustment(s), if appropriate, to the Adjustable Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (b) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). If so specified in the applicable Issue Terms, the Calculation Agent will determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by the Related Exchange(s), unless the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable

results, that adjustments by reference to such the Related Exchange(s) would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities (prior to the relevant event), in which case the Calculation Agent shall determine the appropriate adjustment.

If so specified in the applicable Issue Terms, the Calculation Agent will determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Reference Share traded on such options exchange, unless the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that adjustments by reference to such options exchange would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities (prior to the relevant event), in which case the Calculation Agent shall determine the appropriate adjustment.

2.2 Consequences of a Merger Event or Tender Offer

If the Calculation Agent determines that a Merger Event or Tender Offer has occurred in respect of a Share the Calculation Agent may on or after the relevant Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant) either

- (a) (A) make such adjustment to the Adjustable Terms as the Calculation Agent determines appropriate to account for the economic effect on the Securities of such Merger Event or Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Share), which may be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by the Related Exchange(s) to options on the Share traded thereon and (B) determine the effective date of that adjustment or
- (b) if the Calculation Agent determines that no adjustments that it could make under (a) will produce a commercially reasonable result, the Calculation Agent may deem the relevant Merger Event or Tender Offer to be a Substitution Event subject to the provisions of Share Linked Condition 2.3 (*Consequences of a Substitution Event*) below.

2.3 Consequences of a Substitution Event

Upon the occurrence of a Substitution Event in respect of the relevant Share (the "**Deleted Share**") as determined by the Calculation Agent, the following will apply (the "**Substitution Date**"):

- (a) any adjustments set out in Share Linked Condition 2.1 (*Consequences of a Potential Adjustment Event*) above in respect of such Share will not apply;
- (b) the Issuer may (in its entire discretion) direct the Calculation Agent to select a new share or equity security of a comparable reporting issuer (the "**Replacement Share**") as a substitute for such Deleted Share;
- (c) such Deleted Share will not be considered as a Share for purposes of determining the price or return of the Share under the Securities on or after the Substitution Date;
- (d) the Replacement Share will be the Share, the issuer of such Replacement Share will be the Share Issuer in respect of such Replacement Share, and the primary exchange or market quotation system on which such Replacement Share is listed will be the Exchange in respect of such Replacement Share; and
- (e) the Calculation Agent will determine the price of such Replacement Share by reasonably taking into account all relevant market circumstances, including the price of the Deleted Share and the price or estimated value on the Substitution Date of the Deleted Share and the price on the Substitution Date of the Replacement Share, and will make adjustments, if any, to the Adjustable Terms or the maturity consideration as the Calculation Agent determines appropriate to account for the economic effect on the particular Securities of the relevant Substitution Event (including adjustments to account for

changes in volatility, expected dividends or distributions, stock loan rate or liquidity relevant to the applicable substitution).

For greater certainty, the Replacement Share selected may be that continuing entity in respect of a Merger Event. The Issuer may alternatively decide, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, not to direct the Calculation Agent to select a Replacement Share as a substitute for a Deleted Share, including if the Calculation Agent determines that there are no appropriate comparable reporting issuers whose shares or equity securities are listed on a major exchange or market quotation system which offer sufficient liquidity in order for the Issuer or its affiliates to place, maintain or modify hedges in respect of such shares or equity securities.

2.4 **Extraordinary Non Replacement Event**

If the Calculation Agent determines that a Substitution Event in respect of the relevant Shares has occurred and the Issuer, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, has decided not to direct the Calculation Agent to select a Replacement Share as a substitute for such Share whether because the Issuer has determined that there are no appropriate replacement shares or equity securities which offer sufficient comparable attributes including, but not limited to, industry, size, markets and financial position of the issuer and currency, liquidity, dividend yield, volatility of such securities and ability for the Issuer or its affiliates to place, maintain or modify hedges in respect of such securities or for any other reason (an "**Extraordinary Non Replacement Event**"), then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this Extraordinary Non Replacement Event shall constitute a Special Circumstance.

2.5 **Additional Adjustments in respect of a basket of Underlyings**

Where the Securities relate to a basket of Underlyings and if in relation to a Basket Component an adjustment (as described in Share Linked Condition 2.1 (*Consequences of a Potential Adjustment Event*), 2.2 (*Consequences of a Merger Event or Tender Offer*), or 2.3 (*Consequences of a Substitution Event*)) is necessary, in addition to the adjustments pursuant to such Share Linked Conditions in relation to each such Basket Component (an "**Affected Basket Component**"):

- (a) the Calculation Agent may replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Specified Currency representing the value of the Affected Basket Component at the time of such replacement, as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"); or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such a replacement would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,
- (b) the Calculation Agent may instead determine to remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Adjustable Terms as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Securities) or the Issuer may determine that this circumstance shall constitute a Special Circumstance pursuant to Share Linked Condition 2.4 (*Extraordinary Non Replacement Event*).

Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

2.6 **Notice of Adjustments**

Upon making any such adjustment pursuant to this Share Linked Condition, the Issuer and/or Calculation Agent shall give notice to the Securityholders in accordance with General Condition 12 (*Notices*), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was

made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

3. Early Redemption in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

4. Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Exchange on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Securities may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or make any such determination in connection with the Securities after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Securities to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

5. Definitions

The following terms and expressions shall have the following meanings in respect of Share Linked Securities, Hybrid Securities that include Share Linked Securities as a component part and each Underlying which is a Share:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Share, or in case of a Physical Delivery, the Physical Delivery Amount, any other component or variable relevant for the determination of the price or return of the relevant Share or the maturity consideration, as specified in the Issue Terms.

"Basket Component" means each Share composed within a basket of Underlyings.

"Closing Share Price" means, on any day in respect of a Share, the official closing price of such Share on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Share Linked Conditions.

"Delisting" means, in respect of a Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Share ceases (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 is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any Member State of the European Union).

"Disrupted Day" means, in respect of a Share, any Scheduled Trading Day on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"Exchange" means, in respect of a Share, the exchange or the quotation system as specified in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

"Exchange Business Day" means, in respect of a Share, any Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Insolvency" means, in respect of a Share, that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or any analogous proceeding affecting a Share Issuer (a) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

"Intraday Price" means, in respect of a Share and any relevant time on any relevant day, the price at which such Share trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

"Level" means, in respect of a Share and any relevant day, one of the following as specified in the Issue Terms in respect of such Share and such day:

- (i) Closing Share Price;
- (ii) Opening Share Price;
- (iii) Intraday Price;
- (iv) Volume Weighted Average Price; or
- (v) any other price specified as such in the Issue Terms.

"Market Disruption Event" means, in respect of the relevant Shares, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Calculation Agent or any person that does not deal at arm's length with the Calculation Agent which has or could have a material adverse effect on the ability of the Issuer and/or its affiliates generally to place, maintain, substitute, unwind or modify hedge positions in respect of the particular Securities and such Share. A Market Disruption Event may include any of the following events set out in clauses (i), (ii) and (iii), and, if so specified in the applicable Issue Terms, may also include the events set out in the remaining clauses:

- (i) (any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the relevant Shares on the Exchange, or (ii) in futures contracts or options contracts or relating to the relevant Shares on any relevant Related Exchange;
- (ii) the closure ("**Early Closure**") on any Exchange Business Day of the Exchange or any Related Exchange prior to its scheduled closing time unless such earlier closing time is announced by such Exchange or Related Exchange 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 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 close of trading on such Exchange Business Day;
- (iii) the failure on any Exchange Business Day of the Exchange or any Related Exchange to open for trading during its regular trading session;
- (iv) 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 relevant Shares on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures contracts or options contracts relating to the relevant Shares on any Related Exchange;
- (v) the adoption, change, enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority, 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, which would have a material adverse effect on a holder of securities of the Share

Issuer or in respect of any hedge transaction established in connection with the relevant Shares or make it unlawful or impracticable for the Issuer to perform its obligations under the particular Securities or for a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realise, recover or remit the proceeds of any such hedge in respect of the relevant Shares;

- (vi) the taking of any action by any governmental, administrative, legislative or judicial authority or power of any country, or any political subdivision thereof, which has a material adverse effect on any applicable Exchange or Related Exchange;
- (vii) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Issuer to perform its obligations under the particular Securities or of a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realise, recover or remit the proceeds of any such hedge with respect to such Shares or a material and adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange;
- (viii) an increase in the cost of acquiring, placing, establishing, re-establishing, substituting, maintaining, modifying, unwinding or disposing of any hedging transaction in connection with the particular Securities or in the cost of realising, recovering or remitting the proceeds of any such hedging transaction; or
- (ix) in any other event, if the Calculation Agent determines that the event materially affects the ability of the Issuer and/or its affiliates to hedge or unwind all or a material portion of a hedge with respect to the Security that has been effected or may come into effect.

For the purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of an Exchange or Related Exchange, and (2) a "suspension, absence or material limitation of trading" on any Exchange or Related Exchange will not include any time when such Exchange or Related Exchange itself is closed for trading under ordinary circumstances.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, five Scheduled Trading Days.

"Merger Date" means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of a Share, any

- (i) reclassification or change of such Share that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person,
- (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding),
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or
- (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its affiliates with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event

collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a "**Reverse Merger**"), or

- (v) sale of all or substantially all assets of the Share Issuer (or any lease, long term supply agreement or other arrangement having the same economic effect as a sale of all or substantially all assets of the Share Issuer),

in each case if the Merger Date is on or before the last Underlying Valuation Date.

"Nationalisation" means, in respect of a Share, that all the Shares of a Share Issuer or all the assets or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Opening Share Price" means, on any day in respect of a Share, the official opening share price of such Share on the Exchange on the relevant day, as determined by the Calculation Agent subject as provided in the Share Linked Conditions.

"Potential Adjustment Event" means any of the following:

- (i) a subdivision, consolidation or reclassification of the 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;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (i) such Shares or (ii) other share capital or securities granting the right to payment of dividends and/or a share in the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares or (iii) share capital or other securities of another share issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an amount per Share which the Calculation Agent determines should be characterised as an extraordinary dividend;
- (iv) a call by the Share Issuer in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Share Issuer or any of its affiliates of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of the Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or similar arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any exercise of such rights; or
- (vii) any other event that the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determines will have a diluting or concentrative effect on the theoretical value of the relevant Shares.

"Related Exchange(s)" means, in respect of a Share, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures contracts or options contracts relating to such Share.

"Relevant Underlying Price" means, in respect of a Share, a price for such Share, as determined and published by the Exchange, which is relevant for the Securities.

"Scheduled Closing Time" means, in respect of a Share, and 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 the regular trading session hours.

"Scheduled Trading Day" means, in respect of a Share, any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Share" means, subject to adjustment in accordance with the Share Linked Conditions, each share specified as such in the Issue Terms and related expressions shall be construed accordingly.

"Share Issuer" means, in respect of a Share, the issuer of such Share.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Substitution Event" means, in respect of the Share, any Nationalisation, Insolvency or Delisting in respect of the Share, or any Merger Event or Tender Offer in respect of such Reference Share that is determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, to have a diluting or concentrative effect on the value of the Reference Share, or the occurrence and continuation for at least five consecutive applicable Exchange Business Days of a Market Disruption Event (as defined below) in respect of the Share.

"Tender Offer" means, in respect of a Share, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing or otherwise obtaining or having the right to obtain, by conversion or other means, more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon filings made to governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold (which shall be more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer) are actually purchased or otherwise obtained (as determined by the Calculation Agent).

"Underlying Valuation Date" means each of the following (a) Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Share, in each case, subject to adjustment in accordance with the Share Linked Conditions.

"Valuation Time" means, in respect of a Share, the time at which the official closing price of such Share is calculated on and published by the Exchange. If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

"Volume Weighted Average Price" means, on any day in respect of a Share, an amount equal to the volume weighted average price for such Share as displayed on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the Share Linked Conditions.

INDEX LINKED CONDITIONS

The provisions of these Index Linked Conditions shall apply to Index Linked Securities and Hybrid Securities that include Index Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is an Index.

1. Consequences of Disrupted Days

1.1 Single Index and Underlying Valuation Dates

Where the Securities relate to a single Index (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the Index on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Index in accordance with General Condition 12 (*Notices*).

1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 12 (*Notices*).

1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue

Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Indices in the basket (each such Index an "**Affected Index**" in respect of such Underlying Valuation Date);
- (b) in respect of each Index in the basket that is not an Affected Index, the relevant level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- (c) in respect of each Affected Index, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Index(ices) in accordance with General Condition 12 (*Notices*).

1.4 **Postponement of consequential dates or Special Circumstance**

A Disrupted Day may delay the determination of the price or return of the relevant Index and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the price of the relevant Index that may be payable.

In addition, if prior to the Redemption Valuation Date a Disrupted Day occurs and continues for at least the Maximum Days of Disruption consecutive Exchange Business Days/Scheduled Trading Days, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2. **Successor Index Sponsor, Successor Index and Index Adjustment Events**

2.1 **Successor Index Sponsor and Successor Index**

If an Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (a "**Successor Index Sponsor**") acceptable to the Calculation Agent; (ii) replaced by a successor index using the same or a substantially similar formula for, and method of, calculation as used in the calculation of such Index (the "**Successor Index**") will be deemed to be the Index.

If either of the events described in (a) above have occurred, the Calculation Agent may make such adjustment(s) that it determines to be appropriate, if any, to the Adjustable Terms to account for such Successor Index.

2.2 **Index Adjustment Events**

If, in respect of an Index, the Calculation Agent determines that an Index Adjustment Event has occurred, the Calculation Agent shall determine if such event has a material effect on the Securities and, if so, the Issuer may direct the Calculation Agent to calculate the relevant level of the Index using, in lieu of a published level for the Index, the level for the Index as at the relevant date as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised the Index immediately prior to that event. None of the Issuer and/or Calculation Agent or the Paying Agent shall have any responsibility in respect of any error

or omission or subsequent correction made in the calculation or publication of an index, whether caused by negligence or otherwise.

2.3 **Extraordinary Non Replacement Event**

If the Calculation Agent determines that an Index Adjustment Event in respect of the relevant Index has occurred and the Issuer, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, has decided not to direct the Calculation Agent to determine the level of the Index in accordance with the formula for and method of calculating the Index last in effect prior to that event as this will not result in comparable attributes including, but not limited to, the ability for the Issuer or its affiliates to place, maintain or modify hedges in respect of such securities or for any other reason (an "**Extraordinary Non Replacement Event**"), then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this Extraordinary Non Replacement Event shall constitute a Special Circumstance.

2.4 **Additional Adjustments in respect of a Basket of Underlyings**

Where the Securities relate to a basket of Underlyings, if in relation to a Basket Component an adjustment (as described in Index Linked Condition 2.1 (*Successor Index Sponsor and Successor Index*) or 2.2 (*Index Adjustment Events*)) is necessary, in addition to the adjustments pursuant to such Index Linked Conditions in relation to each such Basket Component (an "**Affected Basket Component**")):

- (a) the Calculation Agent may replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Specified Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"); or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such a replacement would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,
- (b) the Calculation Agent may remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Adjustable Terms as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Securities) or the Issuer may determine that this circumstance shall constitute a Special Circumstance pursuant to Index Linked Condition 2.3 (*Extraordinary Non Replacement Event*).

2.5 **Notice of Adjustments**

Upon making any such adjustment pursuant to this Index Linked Condition 2, the Issuer and/or Calculation Agent shall give notice to the Securityholders in accordance with General Condition 12 (*Notices*), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

3. **Early Redemption in Special Circumstances, Illegality or Disruption Event**

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

4. Correction of Levels

In the event that a Relevant Level is subsequently corrected and the correction (the "**Corrected Level**") is published by the Index Sponsor on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Securities may have to be made, which, in each case, would require the Relevant Level, then the Calculation Agent shall be entitled to determine the amount payable or make any such determination in connection with the Securities after taking into account such Corrected Level, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Securities to account for such Corrected Level. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

5. Definitions

The following terms and conditions shall have the following meanings in respect of Index Linked Securities, Hybrid Securities that include Index Linked Securities as a component part and each Underlying which is an Index:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Index, or in case of a Physical Delivery, the Physical Delivery Amount, any other component or variable relevant for the determination of the price or return of the relevant Index, or the maturity consideration, as specified in the Issue Terms.

"Basket Component" means each Index composed within a basket of Underlyings.

"Closing Index Level" means, on any day in respect of an Index, the official closing level of such Index as of the Valuation Time on or in respect of the relevant day as calculated and published by the relevant Index Sponsor or as otherwise determined by the Calculation Agent subject as provided in the Index Linked Conditions.

"Disrupted Day" means, in respect of an Index, any Scheduled Trading Day on which (a) the Index Sponsor fails to publish the level of the Index, (b) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (c) on which a Market Disruption Event has occurred.

"Exchange" means, in respect of an Index, any exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the components contained in such Index has relocated or temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to the components underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means, in respect of an Index, any Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Delivery Settlement Price" or "EDSP" means, in respect of an Index and any relevant time on any relevant day, the official exchange delivery settlement price of such Index at such time on or in respect of such day, as published by the Index Sponsor and as determined by the Calculation Agent.

"Index" and "Indices" means, subject to an adjustment in accordance with the Index Linked Conditions, each index specified as such in the Issue Terms and related expressions shall be construed accordingly.

"Index Adjustment Event" means each of an Index Cancellation, an Index Disruption, an Index Modification or an Index Licencing Event.

"Index Cancellation" means, in respect of an Index, on or before any Underlying Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor permanently cancels the Index or the Index may no longer be used as a consequence of new regulatory provisions and no Successor Index exists.

"Index Disruption" means, in respect of an Index, on any Underlying Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce the level of the Index.

"Index Modification" means, in respect of an Index, on or before any Underlying Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor announces that it will make a material change in the formula for or method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent securities and capitalisation and other routine events).

"Index Sponsor" means the entity specified in the relevant Issue Terms, and, if not specified, the corporation or other entity that, as determined by the Calculation Agent, (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index, and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day.

"Intraday Level" means, in respect of an Index and any relevant time on any relevant day, the official level of such Index at such time on or in respect of such day, as published by the Index Sponsor and as determined by the Calculation Agent.

"Index Licencing Event" means the Issuer, after using commercially reasonable efforts, is restricted from continuing the use of the Index in connection with the Securities as a result of any applicable licencing restrictions (which may include, without limitation, where the Issuer, and/or any affiliate is required to hold a licence in order to issue or perform its obligations in respect of the Securities and/or any transaction(s) or asset(s) to hedge the equity or other price risk of the Issuer entering into and performing its obligations with respect to the Securities and for any reason it cannot obtain such licence or such licence is not renewed or is revoked by the Index Sponsor or the administrator of the Index).

"Level" means, in respect of an Index and any relevant day, one of the following as specified in the Issue Terms in respect of such Index and such day:

- (a) Closing Index Level;
- (b) Intraday Level;
- (c) Opening Index Level;
- (d) Exchange Delivery Settlement Price; or
- (e) any other price specified as such in the Issue Terms.

"Market Disruption Event" means, in respect of the relevant Index, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Calculation Agent or any person that does not deal at arm's length with the Calculation Agent which has or could have a material adverse effect on the ability of the Issuer and/or its affiliates generally to place, maintain, substitute, unwind or modify hedge positions in respect of the particular Securities and such Index. A Market Disruption Event may include any of the following events set out in clauses (a), (b), (c), (d) and (e), and, if so specified in the applicable Issue Terms, may also include the events set out in the remaining clauses:

- (a) a suspension, absence or material limitation of trading in underlying stocks constituting 20% or more, by weight, of the Index or any constituent index of that Reference Asset on their respective primary markets, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market;
- (b) a suspension, absence or material limitation of trading in option or futures contracts, if available, relating to the Index or any constituent index of that Index or to underlying stocks constituting 20% or more, by weight, of the Index or any constituent index of that Index in the respective primary markets

for those contracts, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market;

- (c) underlying stocks constituting 20% or more, by weight, of the Index or any constituent index of that Index, or option or futures contracts, if available, relating to the Index or any constituent index of such Index, or to underlying stocks constituting 20% or more, by weight, of the Index or any constituent index of that Index do not trade on what were the respective primary markets for those underlying stocks or contracts;
- (d) the adoption, change, enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority, 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, which would have a material adverse in respect of any hedge transaction established in connection with the relevant Index or make it unlawful or impracticable for the Issuer to perform its obligations under the particular Securities or for a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realise, recover or remit the proceeds of any such hedge in respect of the relevant Index;
- (e) the taking of any action by any governmental, administrative, legislative or judicial authority or power of any country, or any political subdivision thereof, which has a material adverse effect on any applicable Exchange or Related Exchange;
- (f) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Issuer to perform its obligations under the particular Securities or of a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realise, recover or remit the proceeds of any such hedge with respect to such Index or a material and adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange;
- (g) an increase in the cost of acquiring, placing, establishing, re-establishing, substituting, maintaining, modifying, unwinding or disposing of any hedging transaction in connection with the particular Securities or in the cost of realising, recovering or remitting the proceeds of any such hedging transaction; or
- (h) in any other event, if the Calculation Agent determines that the event materially affects the ability of the Issuer and/or its affiliates to hedge or unwind all or a material portion of a hedge with respect to the Security that has been effected or may come into effect.

For the purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of an Exchange or Related Exchange, (2) a decision to permanently discontinue trading in the option or futures contracts relating to the applicable Index or any constituent index of that Index or to any underlying stock and (3) a "suspension, absence or material limitation of trading" on any Exchange or Related Exchange will not include any time when such Exchange or Related Exchange itself is closed for trading under ordinary circumstances.

In contrast, a suspension or limitation of trading in an underlying stock or in option or futures contracts, if available, relating to the relevant Index or any constituent index of that Index or to any underlying stock in the primary market for that stock or those contracts, by reason of: (1) a price change exceeding limits set by that market, (2) an imbalance of orders relating to that underlying stock or those contracts; or (3) a disparity in bid and ask quotes relating to that underlying stock or those contracts, will constitute a suspension or material limitation of trading in that Reference Asset or those contracts in that market.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, five Scheduled Trading Days.

"Opening Index Level" means, on any day in respect of an Index, the official opening level of such Index on or in respect of the relevant day as calculated and published by the relevant Index Sponsor or as otherwise determined by the Calculation Agent subject as provided in the Index Linked Conditions.

"Related Exchange(s)" means, in respect of an Index, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures contracts or options contracts relating to such Index.

"Relevant Level" means, in respect of an Index, a level for such Index, as determined and published by the Index Sponsor, which is relevant for the Securities.

"Scheduled Closing Time" means, in respect of an Index, 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 the regular trading session hours.

"Scheduled Trading Day" means, in respect of an Index, any day on which the Index Sponsor is scheduled to calculate and publish the level of such Index.

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Underlying Valuation Date" means each of the following (a) each Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of an Index, in each case, subject to adjustment in accordance with the Index Linked Conditions.

"Valuation Time" means the time at which the official closing level of such Index is calculated and published by the Index Sponsor (or calculation agent for the Index, as applicable).

ETF LINKED CONDITIONS

The provisions of these ETF Linked Conditions shall apply to ETF Linked Securities and Hybrid Securities that include ETF Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is an ETF Share.

1. Consequences of Disrupted Days

1.1 Single Fund and Underlying Valuation Dates

Where the Securities relate to a single ETF Share (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the ETF Share on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the ETF Share in accordance with General Condition 12.

1.2 Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 12.

1.3 Basket of Underlyings and Underlying Valuation Dates – Common Postponement of the Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue

Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more ETF Shares in the basket (each such ETF Share an "**Affected ETF Share**" in respect of such Underlying Valuation Date);
- (b) in respect of each ETF Share in the basket that is not an Affected ETF Share, the relevant Level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- (c) in respect of each Affected ETF Share, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected ETF Share(s) in accordance with General Condition 12.

1.4 **Postponement of consequential dates, Fund Reallocation Event or Special Circumstance**

A Disrupted Day may delay the determination of the price or return of the relevant ETF Share and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the price of the relevant ETF Share that may be payable.

In addition, if prior to the Redemption Valuation Date a Disrupted Day occurs and continues for at least the Maximum Days of Disruption consecutive Exchange Business Days/Scheduled Trading Days, then (i) such occurrence could constitute a Fund Reallocation Event or (ii) the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2. **Potential Adjustment Events and Extraordinary Events**

2.1 **Consequences of a Potential Adjustment Event**

If the Calculation Agent determines that a Potential Adjustment Event has occurred or is likely to occur and such Potential Adjustment Event Adjustment has a diluting or concentrative effect on the theoretical value of an ETF Share or materially and adversely affects the calculation of the NAV, the Calculation Agent may (but is not obliged to):

- (a) make the corresponding adjustment(s), if appropriate, to the Adjustable Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (b) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s).

The Calculation Agent may determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by the Related Exchange(s) to options on the ETF-Share traded thereon.

2.2 Consequences of a Merger Event or Tender Offer

If the Calculation Agent determines that a Merger Event has occurred in respect of the relevant ETF- Share the Calculation Agent may on or after the relevant Merger Date (or such other date as the Calculation Agent deems relevant) either

- (a) (A) make such adjustment to the Adjustable Terms as the Calculation Agent determines appropriate to account for the economic effect on the Securities of such Merger Event which may be determined by reference to the adjustment(s) made in respect of such Merger Event by the Related Exchange(s) to options on the ETF-Share traded thereon and (B) determine the effective date of that adjustment or
- (b) if the Calculation Agent determines that no adjustments that it could make under (a) will produce a commercially reasonable result, the Calculation Agent may deem the relevant Merger Event to be a Fund Reallocation Event subject to the provisions of ETF Linked Condition 2.3 (*Consequences of a Fund Reallocation Event*) below.

2.3 Consequences of a Fund Reallocation Event

Following the occurrence of a Fund Reallocation Event, the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, direct the Calculation Agent to substitute units, shares or other securities of another mutual fund or investment fund or, for the relevant Fund seeking to replicate an index, the relevant reference index to be replicated, if applicable, for the ETF Shares as provided below. To do this, the Calculation Agent will notionally sell or redeem the ETF Shares and reallocate the notional proceeds to: (i) as applicable, a notional investment in the reference index; or (ii) a notional subscription of units, shares or other securities of one or more mutual funds managed by the Fund manager (or, if the Issuer determines, in its reasonable discretion, that there is no such replacement fund managed by the Fund manager that is suitable, managed by another fund manager) having similar investment objectives and strategies in order to replace the Fund as a result of the occurrence of a Fund Reallocation Event. If units, shares or other securities of a replacement fund or a reference index, if applicable, is selected by the Issuer, such successor securities or reference index (the "**Successor ETF Shares**"), as the case may be, will be used as a substitute for the ETF Shares for all purposes, including, without limitation, for purposes of calculating amounts payable under the Securities and for determining whether a Market Disruption Event exists and the Calculation Agent will make all necessary adjustments to determine and calculate the Redemption Amount and any other payment under the Security.

2.4 Extraordinary Non Replacement Event

If the Calculation Agent determines that a Fund Reallocation Event has occurred and the Issuer, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, has decided not to direct the Calculation Agent to choose a Successor ETF Share as a substitute for such ETF Share whether because the Issuer has determined that there is no appropriate Successor ETF Share which offer sufficient comparable attributes including, but not limited to, management, investment objectives, underlying assets, currency, liquidity, dividend or distribution yield, volatility of the units, index or underlying securities and ability for the Issuer or its affiliates to place, maintain or modify hedges in respect of such assets or for any other reason (an "**Extraordinary Non Replacement Event**"), then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this Extraordinary Non Replacement Event shall constitute a Special Circumstance.

2.5 Additional Adjustments in respect of a Basket of Underlyings

Where the Securities relate to a basket of Underlyings, if, in relation to a Basket Component, an adjustment (as described in ETF Linked Condition 2.1 (*Consequences of a Potential Adjustment Event*), 2.2 (*Consequences of a Merger Event or Tender Offer*) or 2.3 (*Consequences of a Fund Reallocation Event*)) is necessary, in addition to the adjustments pursuant to such ETF Linked Condition in relation to each of such Basket Component (an "**Affected Basket Component**")

- (a) the Calculation Agent may replace the Affected Basket Component(s) in whole or in part by a new Basket Component (which may be a cash amount in the Specified Currency representing the value of the Affected Basket Component at the time of such replacement as calculated by the Calculation Agent in its reasonable discretion) (the "**Successor Basket Component**"), or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such a replacement would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,
- (b) the Calculation Agent may remove the Affected Basket Component(s) from the basket of Underlyings without replacement (and in such case, the Calculation Agent may make such amendments to the Adjustable Terms as it reasonably determines are appropriate to take into account the removal of the Affected Basket Component(s) and the economic effect thereof on the Securities) or the Issuer may determine that this circumstance shall constitute a Special Circumstance pursuant to ETF Linked Condition 2.4 (*Extraordinary Non Replacement Event*).

Upon such replacement, the Successor Basket Component will be deemed to be the Basket Component and any reference in the Conditions to the Affected Basket Component, to the extent permitted by the context, shall be deemed to refer to the Successor Basket Component.

2.6 Notice of Adjustments

Upon making any such adjustment pursuant to this ETF Linked Condition 2, the Issuer and/or Calculation Agent shall give notice to the Securityholders in accordance with General Condition 12 (*Notices*), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

3. Early Redemption in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

4. Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published by the Exchange on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Securities may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or make any such determination in connection with the Securities after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Securities to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance General Condition 12 (*Notices*).

5. Definitions

The following terms and expressions shall have the following meanings in respect of ETF Linked Securities, Hybrid Securities that include ETF Linked Securities as a component part and each Underlying which is an ETF Share:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant ETF Share, or in case of a Physical Delivery, the Physical Delivery Amount, any other component or variable relevant for the determination of the price or return of the relevant ETF Share or the maturity consideration, as specified in the Issue Terms.

"Basket Component" means each ETF Share composed within a basket of Underlyings.

"Closing Price" means, on any day in respect of an ETF, one of the following as specified in the Issue Terms in respect of such ETF and such day:

- (a) the official closing price of such ETF on the Exchange as of the Valuation Time on the relevant day, as determined by the Calculation Agent subject as provided in the ETF Linked Conditions (the **"Official Closing Price"**); or
- (b) the net asset value calculated in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of the ETF (the **"Calculated Net Asset Value"**).

"Delisting" means, in respect of an ETF Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the ETF Share ceases (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 is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any Member State of the European Union).

"Disrupted Day" means, in respect of an ETF Share, a Scheduled Trading Day on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"ETF" means an exchange traded fund.

"ETF Share" means, in respect of a Fund, the shares or units of such Fund specified as such in the Issue Terms, subject to replacement in accordance with these ETF Linked Conditions.

"Exchange" means, in respect of an ETF Share, the exchange or the quotation system specified as such in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such ETF Share has temporarily relocated (provided that the Calculation Agent has determined in its reasonable discretion that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original Exchange).

"Exchange Business Day" means, in respect of an ETF Share, a Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Fund" means, in respect of an ETF Share, the issuer of such ETF Share as specified in the Issue Terms, subject to replacement in accordance with these ETF Linked Conditions.

"Fund Reallocation Event" means, in respect of a Fund, as determined by the Calculation Agent, the occurrence of any of the following events:

- (a) Fund Substitution Event;
- (b) the bankruptcy, insolvency, winding-up, dissolution, liquidation or analogous procedure of the Fund;
- (c) the Fund manager ceases to act as the manager of the Fund;
- (d) the investment objective, investment restrictions or investment policies of the Fund are modified (except where such modification is of a formal, minor or technical nature);

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- (e) a material modification (other than any modifications referred to in (d) above) of the terms and conditions relating to the ETF Shares (including but not limited to a material modification of the constating documents of the Fund) or the occurrence of any event or change having a material adverse effect on the ETF Shares (including, but not limited to, the interruption, breakdown or suspension for a significant period of time of the calculation or publication of the net asset value per unit);
 - (f) the non-execution or partial-execution by the Fund of a subscription or redemption order given by a Securityholder in any securities of the Fund or a refusal to transfer any securities of the Fund to an eligible transferee except where such non-execution, partial execution or refusal is the result of circumstances beyond the control of the Fund;
 - (g) any mandatory redemption or other reduction (actual or potential as determined by the Calculation Agent in good faith and using commercially reasonable procedures to produce commercially reasonable results) in the number of securities of the Fund held by any holder of such securities for any reason beyond the control of such holder;
 - (h) any failure by the Fund manager to calculate or publish the daily or weekly official net asset value per ETF Share of the Fund for at least five (ten in the case of a net asset value calculated weekly) consecutive Exchange Business Days except as provided in the case of a suspension of determination of the net asset value per unit in accordance with the provisions set out in the constating documents of the Fund;
 - (i) the Fund imposes in whole or part any restriction, charge or fee in respect of a redemption or subscription of any ETF Share of the Fund by any holder thereof (other than any fee applicable to a holder of ETF Shares of the Fund as at the date of issuance of the Securities);
 - (j) any relevant activities of or in relation to the Fund or the Fund manager 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; or
 - (k) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of the Fund or the Fund manager.

"Fund Substitution Event" means, in respect of a Fund that is an exchange-traded fund, any Nationalisation, Insolvency, Delisting or Index Event in respect of such Fund, or any Merger Event in respect of such Fund that is determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, to be a Fund Substitution Event, or the occurrence and continuation for at least five consecutive applicable Exchange Business Days of a Market Disruption Event in respect of ETF Shares of such Fund.

"Index Event" means, in respect of the ETF Share, (i) the sponsor for the index that is replicated by the Fund (the **"ETF Reference Index"**) announces that it will make a material change in the formula for or the method of calculating the ETF Reference Index or in any other way materially modifies the ETF Reference Index (other than a modification prescribed in that formula or method to maintain the ETF Reference Index in the event of changes to the constituents and other routine events) or permanently cancels the ETF Reference Index and no successor index exists, or (ii) the sponsor for the ETF Reference Index fails to determine and announce the official closing level or value of the ETF Reference Index, and, in either case, the Calculation Agent determines that such event has a material effect on the calculation of the Redemption Amount or any other payment under the Securities linked to the ETF Share of the Fund.

"Insolvency" means, in respect of an ETF Share, that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or any analogous proceeding affecting the relevant Fund (a) all the ETF Shares of such Fund are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the ETF Shares of such Fund become legally prohibited from transferring them.

"Intraday Price" means, in respect of an ETF and any relevant time on any relevant day, the price at which such ETF trades on the relevant Exchange at such time on such day, as determined by the Calculation Agent.

"Level" means, in respect of an ETF Share and any relevant day, one of the following as specified in the Issue Terms in respect of such ETF Share and such day:

- (a) Closing Price;
- (b) Intraday Price;
- (c) Opening Price;
- (d) NAV; or
- (e) any other price specified as such in the Issue Terms.

"Market Disruption Event" means, in respect of an ETF Share, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Calculation Agent or any person that does not deal at arm's length with the Calculation Agent which has or could have a material adverse effect on the ability of the Issuer and/or its affiliates generally to place, maintain, substitute, unwind or modify hedge positions in respect of the Securities and/or the ETF Share and/or a material number of securities, contracts of other reference items in which the ETF Share is invested. A Market Disruption Event may include any of the following events set out in clauses (a), (b), (c) and (d), and, if so specified in the applicable Issue Terms, may also include the events set out in the remaining clauses:

- (a) a suspension or absence of or material limitation on subscriptions and/or redemptions of the ETF Share;
- (b) a suspension of or limitation imposed on trading by the relevant Exchanges or Related Exchanges for the ETF Share or 10% or more of the ETF Shares or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchanges or Related Exchanges or otherwise (i) relating to the ETF Shares or 10% or more of the ETF Shares, or (ii) in futures contracts or options contracts or relating to the ETF Shares or 10% or more of the ETF Shares;
- (c) the closure ("**Early Closure**") on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange for the ETF Shares or 10% or more of the ETF Shares 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 such Exchange or Related Exchange system for execution at the close of trading on such Exchange Business Day;
- (d) the failure on any Exchange Business Day of the relevant Exchanges of the ETF Shares or 10% or more of the ETF Shares or any Related Exchanges to open for trading during regular trading sessions;
- (e) any event (other than an Early Closure) that disrupts or impairs the ability of market participants in general (i) to effect transactions in, or obtain market values for, the ETF Shares or 10% or more of the ETF Shares on the Exchanges, or (ii) to effect transactions in, or obtain market values for, futures contracts or options contracts relating to the ETF Shares or 10% or more of the ETF Shares on any relevant Related Exchanges;
- (f) the adoption, change, enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority, 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, which would have a material adverse effect on a holder of securities of the Fund or 10% or more of the ETF Shares or in respect of any hedge transaction established in connection

with 10% or more of the ETF Shares or make it unlawful or impracticable for the Issuer to perform its obligations under the Securities or for a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realise, recover or remit the proceeds of any such hedge in respect of the ETF Shares or 10% or more of the ETF Shares;

- (g) the taking of any action by any governmental, administrative, legislative or judicial authority or power of any country, or any political subdivision thereof, which has a material adverse effect on the financial markets of a country in which the Fund or 10% or more of the ETF Shares are located;
- (h) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Issuer to perform its obligations under the Securities or of a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realise, recover or remit the proceeds of any such hedge with respect to the ETF Shares or a material number of ETF Shares or a material and adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange for the Reference Assets or 10% or more of the ETF Shares;
- (i) (i) an increase in the cost of acquiring, placing, establishing, re-establishing, substituting, maintaining, modifying, unwinding or disposing of any hedging transaction in connection with the Securities or in the cost of realising, recovering or remitting the proceeds of any such hedging transaction; or
- (j) (j) in any other event, if the Calculation Agent determines that the event materially affects the ability of the Issuer and/or its affiliates to hedge or unwind all or a material portion of a hedge with respect to the Securities that has been effected or may come into effect.

For the purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of an Exchange or Related Exchange, and (2) a "suspension, absence or material limitation of trading" on any Exchange or Related Exchange will not include any time when such Exchange or Related Exchange itself is closed for trading under ordinary circumstances.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, eight Scheduled Trading Days.

"Merger Date" means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of an ETF Share, any

- (a) reclassification or other change to the Fund that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares outstanding to another entity or person;
- (b) consolidation, amalgamation or binding unit exchange of the Fund with or into another entity or person (other than a consolidation, amalgamation or binding unit exchange in which such Fund is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding);
- (c) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETF Shares that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than such ETF Shares owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation or binding unit exchange of the Fund or its affiliates with or into another entity in which the Fund is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than ETF

Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event

- (e) sale of all or substantially all assets of the Fund (or any lease, long term supply agreement or other arrangement having the same economic effect as a sale of all or substantially all assets of the Fund),

in each case if the Merger Date is on or before the last Underlying Valuation Date.

"Nationalisation" means, in respect of an ETF Share, that all the ETF Shares of a Fund or all the assets or substantially all the assets of such Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"NAV" means, in respect of an ETF, the net asset value calculated in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of such ETF.

"Opening Price" means, on any day in respect of an ETF, the official opening price of such ETF on the Exchange on the relevant day, as determined by the Calculation Agent subject as provided in the ETF Linked Conditions.

"Potential Adjustment Event" means, in respect of an ETF Share and the related Fund, as determined by the Calculation Agent acting in good faith, any event that may have a diluting or concentrative effect on the theoretical value of the relevant ETF Share, including a subdivision, consolidation or reclassification of the ETF Share, an extraordinary dividend and shareholder right distribution.

"Related Exchange(s)" means, in respect of an ETF Share, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures contracts or options contracts relating to such ETF Shares.

"Relevant Underlying Price" means, in respect of an ETF Share, one of the following as specified in the Issue Terms in respect of such ETF Share:

- (a) a price for such ETF Share, as determined and published by the Exchange, which is relevant for the Securities (the **"ETF Share Price"**); or
- (b) a value for such ETF Share, as determined and published by or on behalf of the related ETF, which is relevant for the Securities (the **"ETF Share Value"**).

"Scheduled Closing Time" means, in respect of an ETF Share, an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on the Scheduled Trading Day, without regard to after hours or any other trading outside the regular trading session hours.

"Scheduled Trading Day" means, in respect of an ETF Share, one of the following as specified in the Issue Terms in respect of such ETF Share:

- (a) a day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions; or
- (b) any day on which the NAV is scheduled to be calculated and announced in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of the ETF Share.

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Underlying Valuation Date" means each of the following (a) Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Fund, in each case, subject to adjustment in accordance with these ETF Linked Conditions.

"Valuation Time" means, in respect of an ETF Share, one of the following as specified in the Issue Terms in respect of such ETF Share:

- (a) the time at which the Exchange calculates and publishes the official closing price of such ETF Share (the **"Official Closing Price Time"**). If the Exchange closes prior to its Scheduled Closing Time and the Valuation Time falls after the actual closing time for the regular trading session, the Valuation Time means the time of the actual close of trading.
- (b) any Scheduled Trading Day on which the NAV is calculated and announced in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of the ETF Share.

CURRENCY EXCHANGE RATE CONDITIONS

The provisions of these Currency Exchange Rate Conditions shall apply to Securities which refer to a Currency Exchange Rate.

1. Consequences of Disrupted Days

Where the Securities refer to a Currency Exchange Rate (and if the Issue Terms specify that this provision shall apply to particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), and if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- (a) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its estimate of the relevant level of the Currency Exchange Rate on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Currency Exchange Rate in accordance with General Condition 12 (*Notices*).

1.2 Postponement of consequential dates or Special Circumstance

A Disrupted Day may delay the determination of the price or return of the relevant Currency Exchange Rate and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the Currency Exchange Rate that may be payable.

In addition, if prior to the Redemption Valuation Date a Disrupted Day occurs and continues for at least the Maximum Days of Disruption consecutive Scheduled Trading Days, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2. Adjustment Events

2.1 Adjustments for changes in the market conditions on the Reference Market

If the Calculation Agent determines that a material change in the market conditions has occurred on the Reference Market, the Calculation Agent shall be entitled to effect adjustments to the Adjustable Terms to account for these changed market conditions.

If the Calculation Agent determines that there are no appropriate adjustments available to take into account the changes market conditions and the economic effect thereof on the Securities, the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2.2 Adjustments for changes in the calculation of the Currency Exchange Rate

Any changes in the calculation (including corrections) of the Currency Exchange Rate or in the composition or weighting of the price or other reference parameters upon which the Currency Exchange Rate is based on (as compared to the Issue Date) shall not lead to an adjustment of Adjustable Terms unless the Calculation Agent determines that, as a result of the changes (including corrections), the underlying concept and calculation of the Currency Exchange Rate are no longer comparable to the underlying concept or calculation of the

Currency Exchange Rate applicable prior to such change. Adjustments to Adjustable Terms may also be made as a result of the removal of the Currency Exchange Rate and/or its substitution by another underlying.

For the purpose of making any adjustments, the Calculation Agent shall determine an adjusted value per unit of the Currency Exchange Rate which shall be used for the determination of the relevant price of the Currency Exchange Rate for the Securities and which in its economic result shall correspond to the provisions prior to this change. The Calculation Agent shall also determine the day on which the adjusted value per unit of the Currency Exchange Rate shall apply for the first time, taking into account the time the change occurred. The adjusted value per unit of the Currency Exchange Rate and the date of its first application shall be published pursuant to General Condition 12 (*Notices*). The Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, treat these adjustments as a Special Circumstance.

2.3 Adjustments for changes in the currency used in connection with the Currency Exchange Rate

If any Relevant Currency (the "**Affected Currency**") in its function as legal tender in the country(ies) or jurisdiction(s) maintaining the authority, institution or other body which issues such currency is replaced by another currency or merged with another currency to become a common currency (in each case, the "**Successor Currency**"), the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, direct the Calculation Agent to replace the Affected Currency, for the purposes of these Conditions, by the Successor Currency provided that, if applicable, the appropriate adjustments according to paragraph 2.2 above have been made. The Successor Currency and the date of its first application shall be published in accordance with General Condition 12 (*Notices*). In this case, any reference in these Conditions to the Affected Currency shall, to the extent appropriate, be deemed to refer to the Successor Currency.

If the Calculation Agent determines that a Successor Currency is available and the Issuer, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, has decided not to direct the Calculation Agent to choose such Successor Currency as a substitute for the Affected Currency whether because the Issuer has determined that the Successor Currency does not offer sufficient comparable attributes including, the ability for the Issuer or its affiliates to place, maintain or modify hedges in respect of such Successor Currency or otherwise would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities (an "**Extraordinary Non Replacement Event**"), then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this Extraordinary Non Replacement Event shall constitute a Special Circumstance.

2.4 Adjustments for replacement of the Reference Market

If the quotation of or trading in any Relevant Currency on the Reference Market is permanently discontinued while a quotation or trading is concurrently started up or maintained on another market (the "**Substitute Reference Market**"), the Calculation Agent shall be entitled to stipulate the Substitute Reference Market as the relevant Reference Market via publication in accordance with General Condition 12 (*Notices*), provided that the Issuer has not elected for an early redemption of the Securities in accordance with these Currency Exchange Rate Conditions.

In the case of such a substitution, any reference in these Conditions to the Reference Market thereafter shall be deemed to refer to the Substitute Reference Market.

The adjustment described above shall be published in accordance with General Condition 12 (*Notices*) within the three-month period following the permanent discontinuation of the quotation of or trading in such Relevant Currency on the Reference Market.

2.5 Notice of Adjustments

Upon making any such adjustment pursuant to this Currency Exchange Rate Condition 2 and 4, the Issuer and/or Calculation Agent shall give notice to the Securityholders in accordance with General Condition 12

(*Notices*), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

2.6 Early Termination in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The early redemption shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

3. Correction of Rates

In the event that a Relevant Rate is subsequently corrected and the correction (the "**Corrected Rate**") is displayed on the relevant Price Source on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Securities may have to be made or such other day specified in the Issue Terms, which, in each case, would require the Relevant Rate, then the Calculation Agent shall be entitled to determine the amount payable or make any such determination in connection with the Securities after taking into account such Corrected Rate, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Securities to account for such Corrected Rate. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

4. Currency Settlement Disruption

If, the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determines that payment of any amount due in respect of the Securities cannot be made by the Issuer in the Relevant Currency on any date on which payment is scheduled to be made under the Securities (a "**Relevant Scheduled Payment Date**") due to:

- (a) the imposition of any law, rule, regulation or decree, or any action taken by the Mexican governmental authority which is in effect or has effect on any relevant payment date, which legally or de facto prevents or has the effect of restricting or limiting:
 - (i) the general availability of the Relevant Currency in Mexico;
 - (ii) the general availability for the Relevant Currency in any foreign exchange market or the availability of the Relevant Currency at commercially reasonable terms;
 - (iii) the exchange of USD or any other currency for the Relevant Currency; or
 - (iv) the transfer or receipt of the Relevant Currency inside or outside of Mexico;
- (b) any relevant clearing system suspending or ceasing to accept the Relevant Currency as a settlement currency;
- (c) the Relevant Currency's replacement or disuse or the Relevant Currency no longer being used by the government of Mexico or for the settlement of transactions by public institutions within the international banking community;
- (d) the illiquidity of the Relevant Currency in the relevant market; or
- (e) any other circumstances beyond the control of the Issuer (including but not limited to a natural or man-made disaster, armed conflict, act of terrorism, riot or labour disruption),

(each a "**Currency Settlement Disruption Event**") then the Issuer may, at its option, be entitled to satisfy its obligations to the Securityholders (to the extent and in the manner permitted by applicable law) by either (i) delaying any such payment until after the Currency Settlement Disruption Event ceases to exist; or (ii) subject to Condition 6, making such payment in United States dollars ("**USD**") to the Securityholders, or into an account established by the Issuer for the benefit of Securityholders (such payment converted into USD by reference to such currency exchange rate displayed on such price source or otherwise as the Calculation Agent shall determine in good faith and using commercially reasonable procedures to produce commercially reasonable results) on, or as soon as reasonably practicable (in the determination of the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) after, the Relevant Scheduled Payment Date.

Any such delayed payment or payment in USD will not constitute an event of default and Securityholders shall not be entitled to further interest or any other payment in respect of any such delay, and, in either case, the Issuer's obligations shall be deemed fully satisfied and discharged upon transfer of the necessary amounts in the relevant currency.

5. UDI Provisions

If the relevant Issue Terms specify UDI Provisions as "applicable", the following terms shall apply in addition to the terms set out in the remainder of these Currency Exchange Rate Conditions.

5.1 Replacement

Instead of Currency Exchange Rate Condition 2.4 (*Adjustments for replacement of the Reference Market*), the following shall apply:

In the event the Currency Exchange Rate is or will be wholly replaced or substituted entirely with another unit by the Banco de México (or other relevant governmental authority), references to the Currency Exchange Rate in respect of any Underlying Valuation Date will be deemed instead to be to the unit or rate replacing or substituting the Currency Exchange Rate (when available) provided that (a) such unit or rate is determined, reported, sanctioned, recognised, published, announced or adopted (or any similar action is taken) by the Banco de México (or other relevant governmental authority), (b) such unit or rate is applicable to commercial transactions and it is commercially appropriate to use such unit or rate as a substitute for the Currency Exchange Rate, and (c) such unit or rate is published on the website of the Banco de México or another official publication in Mexico in respect of such Underlying Valuation Date. In each case, the Calculation Agent may make any consequential or related adjustments required to the Adjustable Terms to reflect the relevant replacement or substitution as it determines appropriate.

5.2 Non-publication

In the event (i) the Currency Exchange Rate is no longer or will no longer be published by or available from the Banco de México and the provisions of Currency Exchange Rate Condition 5.1 (*Replacement*) above do not apply, or (ii) the Currency Exchange Rate for a Underlying Valuation Date is not available or will not be available in respect of such Underlying Valuation Date, the Currency Exchange Rate for the affected Underlying Valuation Date will be determined by the Calculation Agent by reference to such source(s) as it determines appropriate. In each case, the Calculation Agent may make any consequential or related adjustments required to the Adjustable Terms to reflect the relevant non-publication or non-availability as it determines appropriate.

5.3 Additional change or modification

In addition to the provisions of Currency Exchange Rate Conditions 5.1 (*Replacement*) and 5.2 (*Non-publication*) above, if any change, or modification is or will be made in relation to the Currency Exchange Rate or the Specified Currency which would affect the Securities and the Calculation Agent determines such change or modification is or will be material, then the Calculation Agent may:

- (a) make such adjustments to the Adjustable Terms to preserve the economic intention of the Securities and to account for such change or modification as it determines appropriate (including consequential or related adjustments required to reflect the change or modification) and determine the effective date of each such adjustment; or
- (b) if the Calculation Agent determines that no adjustment that it could make under (A) above will produce a commercially reasonable result, the Issuer may determine that this circumstance shall constitute a Special Circumstance.

5.4 Type of change or modification

For the purposes of the paragraphs above, "change or modification" means, in relation to the Currency Exchange Rate or the Specified Currency, any change, modification or adjustment to the nature of or arrangements for the determination, calculation, publication or availability of the Currency Exchange Rate or the Specified Currency, including any replacement, substitution, non-publication, non-availability, re-publication or cessation of the Currency Exchange Rate (or the Specified Currency or the INPC on which the value of the Currency Exchange Rate is based) which the Calculation Agent determines cannot be appropriately addressed in full under Currency Exchange Rate Conditions 5.1 (*Replacement*) and 5.2 (*Non-publication*) above, as applicable.

6. Definitions

The following terms and expressions shall have the following meanings in respect of Currency Exchange Rate Linked Securities, Hybrid Securities that include Currency Exchange Rate Linked Securities as a component part and each Underlying which is a Currency Exchange Rate:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Currency Exchange Rate, any other component or variable relevant for the determination of the price or return of the relevant Currency Exchange Rate or the maturity consideration, as specified in the Issue Terms.

"Base Currency" means, in respect of a Currency Exchange Rate, the currency specified as such in the Issue Terms.

"Base Currency/Cross Currency Price" means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Cross Currency (or fractional amounts thereof) per one unit of the Base Currency, which appears on the Price Source at approximately the Currency Exchange Rate Valuation Time in respect of such day, as determined by the Calculation Agent subject as provided in the Currency Exchange Rate Linked Conditions.

"Cross Currency" means, in respect of a Currency Exchange Rate, the currency specified as such in the Issue Terms.

"Cross Currency/Reference Currency Price" means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Reference Currency (or fractional amounts thereof) per one unit of the Cross Currency, which appears on the Price Source at approximately the Currency Exchange Rate Valuation Time in respect of such day, as determined by the Calculation Agent subject as provided in the Currency Exchange Rate Linked Conditions.

"Currency Exchange Rate" means, subject to adjustment in accordance with the Currency Exchange Rate Conditions, in respect of any day, (i) an exchange rate of one currency for another currency specified as such in the Issue Terms or (ii) in case UDI Provisions are specified as "applicable" in the Issue Terms, a MXN equivalent unit of account indexed to inflation on a daily basis, as measured by the change in the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*) (**INPC**) pursuant to the Decree approved by the Congress of Mexico and published in the Official Diary of the Federation (*Diario Oficial de la Federación*) on April 1, 1995, expressed as the number of MXN per one UDI, as published by Banco de México <http://www.banxico.org.mx/> (or any successor replacement website) on or prior to the relevant UDI Index Rate Determination Date.

"Currency Exchange Rate Business Day" means, in respect of a Currency Exchange Rate, any Scheduled Trading Day on which the Reference Market is open for trading during its regular trading sessions, notwithstanding the Reference Market closing prior to its Scheduled Closing Time.

"Currency Exchange Rate Valuation Time" means, in respect of a Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, the time specified as such in the Issue Terms.

"Currency Exchange Reference Rate" means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Reference Currency (or fractional amounts thereof) per one unit of the Base Currency, which appears on the Price Source at approximately the Currency Exchange Rate Valuation Time in respect of such day, as determined by the Calculation Agent subject as provided in the Currency Exchange Rate Linked Conditions, provided that, if 'Derived Exchange Rate' is specified as 'Applicable' in the Issue Terms, the Currency Exchange Reference Rate shall be the Derived Exchange Rate.

"Derived Exchange Rate" means, on any day in respect of a Currency Exchange Rate, an exchange rate expressed as a number of units of the Reference Currency (or fractional amounts thereof) per one unit of the Base Currency, as determined by the Calculation Agent as the quotient of the (i) Cross Currency/Reference Currency Price; and (ii) the Base Currency/Cross Currency Price, in each case in respect of such day.

"Disrupted Day" means, in respect of a Currency Exchange Rate, any Scheduled Trading Day on which the Reference Market fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"Early Closure of the Reference Market" means, in respect of a Currency Exchange Rate, the closure on any Currency Exchange Rate Business Day of the Reference Market prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Market at least one hour prior to the actual closing time for the regular trading session on the Reference Market on such Currency Exchange Rate Business Day.

"Illiquidity Event" means that the Calculation Agent determines that it is, or becomes (or is likely to become) impossible or impracticable for the Issuer and/or Hedging Entity to liquidate the relevant currency/ies in a sufficient amount to meet its payment and/or delivery obligations (in whole or in part) in respect of the forthcoming payment date as a result of the insufficient liquidity of the relevant currency/ies.

"Level" means, in respect of a Currency Exchange Rate and any relevant day, (i) the Currency Exchange Reference Rate in respect of such Currency Exchange Rate and such day or (ii) any other price specified as such in the Issue Terms.

"Market Disruption Event" means, in respect of a Currency Exchange Rate, the occurrence or existence of any of the following events set out in clauses (a), (b), (c) and (d), and, if so specified in the applicable Issue Terms, may also include the events set out in the remaining clauses:

- (a) the suspension or absence of the announcement of a price of a Currency Exchange Rate relevant for the Securities on the Reference Market or by the relevant Price Source;
- (b) the suspension or limitation of banking activities in the Relevant Country, the latter of which the Calculation Agent determines is material in respect of the Securities;
- (c) the suspension or limitation of trading, the latter of which the Calculation Agent determines material in respect of the Securities in either:
 - (i) a Relevant Currency on the Reference Market; or
 - (ii) in futures contracts or options contracts relating to a Relevant Currency on a futures exchange where such contracts are usually traded,

due to a directive of an authority or the Reference Market or due to a moratorium on banking activities in the country where the Reference Market is located, or due to any other reasons;

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- (d) the Early Closure of the Reference Market;
 - (e) a Relevant Country either:
 - (i) imposes any controls or announces its intention to impose any controls on any relevant currency; or
 - (ii) implements or announces its intention to implement any laws or regulations; or
 - (iii) changes or announces its intention to change the interpretation or administration of any laws or regulations,
 where in each case, the Calculation Agent determines that such event mentioned in paragraph (e)(i), (e)(ii) and (e)(iii) of this definition of Market Disruption Event is likely to affect the ability of the Issuer and/or Calculation Agent or any of its affiliates to acquire, hold, transfer or realise any Relevant Currency or otherwise to effect transactions in relation to such Relevant Currency;
 - (f) an event which the Calculation Agent determines would make it impossible for the Issuer and/or Calculation Agent or any of its affiliates to perform, impair or delay the performance of the following activities:
 - (i) converting a Relevant Currency into the Specified Currency or any other currency through customary legal channels or transferring within or from any Relevant Country a Relevant Currency due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting a Relevant Currency into another Relevant Currency or into the Specified Currency or any other currency at a rate at least as favourable as the rate for domestic financial institutions located in the Relevant Country;
 - (iii) transferring a Relevant Currency from accounts inside the Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring a Relevant Currency between accounts inside the Relevant Country or to a party that is a non-resident of such Relevant Country;
 - (g) an event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to:
 - (i) obtain market values for a Relevant Currency; or
 - (ii) effect transactions in, or obtain market values for, futures contracts or options contracts relating to a Relevant Currency on a futures exchange where such contracts are usually traded; or
 - (h) an Illiquidity Event, if selected as applicable pursuant to the Issue Terms.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, five Scheduled Trading Days.

"Price Source" means, in respect of a Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, the price source, providing the relevant price of the Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, specified as such in the Issue Terms.

"Reference Market" means, in respect of a Currency Exchange Rate, Base Currency/Cross Currency Price or Cross Currency/Reference Currency Price, the reference market specified as such in the Issue Terms.

"Reference Currency" means, in respect of a Currency Exchange Rate, the currency specified as such in the Issue Terms.

"Relevant Country" means, in respect of a Currency Exchange Rate, any country (or political or regulatory authority thereof) which:

- (a) has a Relevant Currency as its legal tender or official currency; and
- (b) in the determination of the Calculation Agent (made acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) has a material connection with a Relevant Currency.

"Relevant Currency" means, in respect of a Currency Exchange Rate, any currency used to determine the level of such Currency Exchange Rate.

"Relevant Rate" means, in respect of a Currency Exchange Rate, a rate for such Currency Exchange Rate, as displayed on the Price Source, which is relevant for the Securities.

"Scheduled Closing Time" means, in respect of a Currency Exchange Rate, the Reference Market and a Scheduled Trading Day, the scheduled weekday closing time of such Reference Market on such Scheduled Trading Day, without regard to any trading outside the regular trading session hours.

"Scheduled Trading Day" means, in respect of a Currency Exchange Rate, any day on which the Reference Market is scheduled to be open for trading for its regular trading sessions.

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Specified Currency" means the specified currency specified as such in the Issue Terms.

"UDI Index Rate Determination Dates" means, unless otherwise specified in the Issue Terms, in respect of a Coupon Valuation Date, such Coupon Valuation Date, in respect of the Redemption Date, such Redemption Date, in respect of an Early Redemption Date, such Early Redemption Date.

"Underlying Valuation Date" means each of the following (a) Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of the Currency Exchange Rate or, if the UDI Provisions are applicable, the UDI Index Rate Determination Dates, in each case, subject to adjustment in accordance with these Currency Exchange Rate Conditions.

COMMODITY LINKED CONDITIONS

The provisions of these Commodity Linked Conditions shall apply to Commodity Linked Securities and Hybrid Securities that include Commodity Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is a Commodity or Commodity Index.

1. Consequences of Disrupted Days

1.1 Postponement

(a) Single Commodity and Underlying Valuation Dates

Where the Securities relate to a single Commodity or Commodity Index (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- (i) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) unless the Issue Terms specify "Replacement and cancellation rights" as applicable, the Calculation Agent shall determine its estimate of the relevant level of the Commodity or Commodity Index on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Commodity or Commodity Index in accordance with General Condition 12 (*Notices*).

(b) Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- (i) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) unless the Issue Terms specify "Replacement and cancellation rights" as applicable, the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation

Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 12 (*Notices*).

(c) Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- (i) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Commodities or Commodity Indices in the basket (each such Commodity or Commodity Index an "**Affected Commodity**" or an "**Affected Commodity Index**", respectively, in respect of such Underlying Valuation Date);
- (ii) in respect of each Commodity or Commodity Index in the basket that is not an Affected Commodity or Affected Commodity Index, the relevant level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- (iii) unless the Issue Terms specify "Replacement and cancellation rights" as applicable, in respect of each Affected Commodity or Affected Commodity Index, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Commodity(ies) or Affected Commodity Index(ices) in accordance with General Condition 12 (*Notices*).

(d) Postponement of consequential dates or Special Circumstance

A Disrupted Day may delay the determination of the price or return of the relevant Commodity or Commodity Index and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the price of the relevant Commodity or Commodity Index that may be payable.

In addition, if prior to the Redemption Valuation Date a Disrupted Day occurs and continues for at least the Maximum Days of Disruption consecutive Scheduled Trading Days, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

1.2 Replacement and cancellation rights

If the Issue Terms specify "Replacement and cancellation rights" as applicable and if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Calculation Agent shall at its reasonable discretion (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) take any of the following actions:

(a) Commodity Fallback Value

The Calculation Agent shall determine if the Disrupted Day has a material effect on the Securities and, if so shall calculate the relevant amounts and/or make any other relevant calculation using, in lieu of a published price or level for that Commodity or Commodity Index, as the case may be, the price or level for that Commodity or Commodity Index as determined by the Calculation Agent using the Commodity Fallback Value.

(b) Substitution

The Calculation Agent may substitute the relevant Commodity, Commodity Reference Price or Index Component with a Commodity, Commodity Reference Price or Index Component, as the case may be, selected by it in accordance with the criteria set out below (each, a "**Substitute Commodity**", "**Substitute Commodity Reference Price**" or a "**Substitute Index Component**") for each Commodity, Commodity Reference Price or Index Component, as the case may be, (each, an "**Affected Commodity**", "**Affected Commodity Reference Price**" or "**Affected Index Component**", as the case may be), which is affected by the Disrupted Day and the Substitute Commodity, Substitute Commodity Reference Price or Substitute Index Component, as the case may be, will be deemed to be a "Commodity", "Commodity Reference Price" or an "Index Component", as the case may be, for the purposes of the Securities, and the Calculation Agent will make such amendments to the Adjustable Terms as the Calculation Agent (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) determines appropriate to take account of the substitution, provided that in the event that any amount payable under the Securities was to be determined by reference to the initial price of the Commodity, the Commodity Reference Price or the Index Component, as the case may be, the initial price or level of each Substitute Commodity, Substitute Commodity Reference Price or Substitute Index Component, as the case may be, will be determined by the Calculation Agent acting in good faith and using commercially reasonable procedures to produce commercially reasonable results.

In order to be selected as a Substitute Commodity, the Substitute Commodity shall be valued on the basis of a futures contract on similar terms to the Affected Commodity, relating to the same Commodity as the Affected Commodity and, if relevant, with a delivery date corresponding to the Affected Commodity.

In order to be selected as a Substitute Commodity Reference Price, the Substitute Commodity Reference Price shall be a benchmark, price or quotation selected by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, and which in its determination is or will be used by market participants as a substitute for the Affected Commodity Reference Price.

In order to be selected as a Substitute Index Component, the Substitute Index Component shall be an alternative futures contract or commodity index relating to a futures contract on similar terms to the Affected Index Component.

Such substitution and the relevant adjustment(s) (if any) will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) which may be the relevant date of the Disrupted Day. Such substitution will be notified to the Securityholders as soon as practicable after the Substitution Date in accordance with General Condition 12 (*Notices*).

2. Adjustments to a Commodity Index

2.1 Successor Index Sponsor calculates and reports a Commodity Index

If a relevant Commodity Index is (a) not calculated and announced by the Commodity Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent, or (b) replaced by a successor commodity index using the same or a substantially similar

formula for and method of calculation as used in the calculation of that Commodity Index, then in each case that commodity index (the "**Successor Commodity Index**") will be deemed to be the Commodity Index.

2.2 Modification and Cessation of Calculation of a Commodity Index

If (a) on or prior to the last Underlying Valuation Date, the relevant Commodity Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain the Commodity Index in the event of changes in constituent contracts or commodities and other routine events) (a "**Commodity Index Modification**"), or permanently cancels a relevant Commodity Index and no Successor Commodity Index exists (a "**Commodity Index Cancellation**"), or (b) on any Underlying Valuation Date, the Commodity Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Commodity Index (a "**Commodity Index Disruption**") or (c) a Commodity Index Licencing Event has occurred and is continuing (a Commodity Index Modification, a Commodity Index Cancellation, Commodity Index Disruption Event and a Commodity Index Licencing Event, each a "**Commodity Index Adjustment Event**"), then:

- (a) the Calculation Agent shall determine if such Commodity Index Adjustment Event has a material effect on the Securities and, if so, shall calculate the Relevant Level using, in lieu of a published level for that Commodity Index, the Commodity Fallback Value; or
- (b) the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

Notwithstanding the foregoing, the Calculation Agent will adjust any relevant terms of the Securities as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Securities.

2.3 Notice of Adjustments

Upon making any such adjustment pursuant to this Commodity Linked Condition 2, the Issuer and/or Calculation Agent shall give notice to the Securityholders in accordance with General Condition 12 (*Notices*), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

3. Early Redemption in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

4. Correction of Levels

With the exception of any corrections published after the day which is three Scheduled Trading Days prior to the due date for any payment under the Securities, if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Commodity Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections

published after the day which is three Scheduled Trading Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

5. Rolling Futures Contract Securities

If the applicable Issue Terms specify that the Securities are "Rolling Futures Contract Securities", the Commodity Reference Price in respect of the Securities will be valued by reference to rolling futures contracts each of which have delivery months that do not correspond with the term of the Securities. In such case, on or prior to the Issue Date, the Calculation Agent will select the relevant Futures Contract and for each following day until the Futures Rollover Date such futures contract will be the Futures Contract for the purposes of the Commodity Reference Price. On each Futures Rollover Date, the Calculation Agent will select another Futures Contract and such contract shall be the Futures Contract for the purposes of the Commodity Reference Price until the next occurring Futures Rollover Date. If on a Futures Rollover Date a Disrupted Day or a Commodity Index Adjustment Event occurs and it is impossible or materially impracticable for the Calculation Agent to select a Futures Contract and/or at such time hedge the Issuer's obligations in respect of the Securities then the provisions of Commodity Linked Conditions 1 (*Consequences of Disrupted Days*) and 2 (*Adjustment Events*), as applicable, shall apply to the Securities.

6. Dislocation Event

6.1 Definitions

"Dislocation Event" means that, on any Scheduled Trading Day after the Issue Date of the Securities, the Traded Price of a Relevant Futures Contract is less than or equal to the Dislocation Level.

"Dislocation Level" means the level specified as such in the applicable Issue Terms or, if not so specified, 0 (zero).

"Relevant Futures Contract" means the Futures Contract or any other contract for future delivery of a contract size relating to the Commodity specified in the applicable Issue Terms traded on the Exchange irrespective of the expiry date of such contract.

"Traded Price" means the published traded price in respect of a Relevant Futures Contract quoted at any time on the relevant futures or options exchange, as determined by the Calculation Agent.

6.2 Consequences of a Dislocation Event

If Dislocation Event is specified as applicable in the applicable Issue Terms and, in the determination of the Calculation Agent, made acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, a Dislocation Event has occurred, the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

7. Definitions

The following terms and conditions shall have the following meanings in respect of Commodity Linked Securities, Hybrid Securities that include Commodity Linked Securities as a component part and each Underlying which is a Commodity or Commodity Index:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Commodity or Commodity Index, or in case of a Physical Delivery, the Physical Delivery Amount, any other component or variable relevant for the determination of the price or return of the relevant Commodity or Commodity Index or the maturity consideration, as specified in the Issue Terms.

"Basket Component" means each Commodity or Commodity Index composed within a basket of Underlyings.

"Basket of Commodities" means a basket comprising two or more Commodities and/or Commodity Indices.

"Commodity" means, subject to an adjustment in accordance with the Commodity Linked Conditions, each commodity or futures contract on a commodity specified as such in the Issue Terms, and related expressions shall be construed accordingly.

"Commodity Fallback Value" means:

- (a) in respect of any Commodity, the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the relevant Underlying Valuation Date of the relevant Commodity, provided that if only three such quotations are so provided, the Commodity Fallback Value shall be the Commodity Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent; or
- (b) in respect of any Commodity Index or Basket of Commodities, the price for such Commodity Index or Basket of Commodities, as the case may be, in respect of the relevant Underlying Valuation Date determined by the Calculation Agent using the current applicable method of calculating such Commodity Index or the method for determining the value of the Basket of Commodities, as the case may be, as set out in the applicable Issue Terms using the price or level for each Index Component or Basket Component, as the case may be, determined as follows:
 - (i) in respect of each Index Component or Basket Component, as the case may be, which is not affected by the Disrupted Day, the closing price or level or settlement price, as applicable, of such Index Component or Basket Component, as the case may be, on such Underlying Valuation Date; and
 - (ii) in respect of each Index Component or Basket Component, as the case may be, which is affected by the Disrupted Day (each an **"Affected Item"**), the closing price or level or settlement price, as applicable, for such Affected Item on the first succeeding Underlying Valuation Date that is not a Disrupted Day, unless each of the number of consecutive Underlying Valuation Date equal to the Maximum Days of Disruption immediately following the Scheduled Trading Day is a Disrupted Day. In that case, (i) the last such consecutive Underlying Valuation Date shall be deemed to be the Underlying Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the price or level of such Affected Item based upon the price at which the Issuer is able to sell or otherwise realise any hedge positions in respect of the Securities during the period of five Business Days following the last such consecutive Underlying Valuation Date.

"Commodity Index" means each index specified as such in the applicable Issue Terms or an index comprising one or more commodities, contracts for the future delivery of a commodity, indices linked to a single commodity or indices comprised of multiple commodities (each an **"Index Component"**).

"Commodity Index Licencing Event" means the Issuer, after using commercially reasonable efforts, is restricted from continuing the use of the Commodity Index in connection with the Securities as a result of any applicable licencing restrictions (which may include, without limitation, where the Issuer, and/or any affiliate is required to hold a licence in order to issue or perform its obligations in respect of the Securities and/or any transaction(s) or asset(s) to hedge the equity or other price risk of the Issuer entering into and performing its obligations with respect to the Securities and for any reason it cannot obtain such licence or such licence is not renewed or is revoked by the Index Sponsor or the administrator of the Index).

"Commodity Index Sponsor" means the entity specified in the relevant Issue Terms, and, if not specified, the corporation or other entity that, as determined by the Calculation Agent, (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index, and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day.

"Commodity Reference Price" means, in respect of any Commodity or any Commodity Index, the Level specified in the applicable Issue Terms.

"Delivery Date" means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (a) if the Securities are not Rolling Futures Contract Securities:
 - (i) if a date is, or a month and year are, specified in the applicable Issue Terms, that date or that month and year;
 - (ii) if a Nearby Month is specified in the applicable Issue Terms, the month of expiration of the relevant Futures Contract; and
 - (iii) if a method is specified in the applicable Issue Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method;
- (b) if the Securities are Rolling Futures Contract Securities, the delivery date for a futures contract selected by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, on the Futures Rollover Date or if none the Issue Date.

"Disappearance of Commodity Reference Price" means (a) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (b) the disappearance of, or of trading in, the relevant Commodity or Index Component or (c) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract, Commodity or Index Component.

"Disrupted Day" means, in respect of a Commodity or Commodity Index, any Scheduled Trading Day on which (a) the Price Source fails to publish the level of the Commodity or Commodity Index, (b) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (c) on which a Market Disruption Event has occurred.

"Exchange" means, in respect of a Commodity or Commodity Index, the exchange or principal trading market for such Commodity specified in the applicable Issue Terms or in the Commodity Reference Price and in the case of a Commodity Index, the exchange or principal trading market for each Index Component comprising such Commodity Index.

"Futures Contract" means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price.

"Futures Rollover Date" means either:

- (a) the date specified as such in the applicable Issue Terms; or
- (b) the date selected by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, within the period ("**Futures Rollover Period**") specified in the applicable Issue Terms.

"Index Component Disruption Event" means:

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- (a) the Commodity Reference Price published by the Price Source on any Underlying Valuation Date includes, or is derived from, a price for one or more Index Components published on any date between the Issue Date and such Underlying Valuation Date that is not a price published by the usual exchange or price source, but is a price determined by the Price Source; or
 - (b) the Commodity Reference Price published by the Price Source on any Underlying Valuation Date includes, or is derived from, a price for one or more Index Components published by the usual exchange or price source on any date between the Issue Date and such Underlying Valuation Date that, in the determination of the Calculation Agent (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results), has been calculated or published subject to the occurrence of market disruption or similar, or otherwise not in accordance with the usual, then-current, method used by such exchange or price source.

"Level" means, in respect of a Commodity or Commodity Index and any relevant day, one of the following as specified in the Issue Terms in respect of such Commodity or Commodity Index and such day:

- (a) the level of such Commodity Index;
- (b) the high price;
- (c) the low price;
- (d) the average of the high price and the low price;
- (e) the closing price;
- (f) the opening price;
- (g) the bid price;
- (h) the asked price;
- (i) the average of the bid price and the asked price;
- (j) the settlement price;
- (k) the official settlement price;
- (l) the official price
- (m) the morning fixing;
- (n) the afternoon fixing;
- (o) the spot price; or
- (p) the arithmetic average of bid and offer prices at 5.30pm (CET) on the Underlying Valuation Date; or
- (q) any other price specified as such in the Issue Terms.

"Limit Price Event" means that the settlement price of any Commodity or Index Component has increased or decreased from the previous day's published settlement price by an amount equal to the maximum amount permitted under the applicable exchange rules for such Commodity or Index Component.

"Market Disruption Event" means, in respect of the relevant Commodity or Commodity Index and as determined by the Calculation Agent, the occurrence or existence of:

- (a) in the case of all Commodities and each Commodity Index, a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price, Limit Price Event; and in addition

- (b) in the case of each Commodity Index and all Commodities other than Gold, Silver, Platinum or Palladium, Material Change in Formula, Material Change in Content and/or Tax Disruption; and in addition
- (c) in the case of a Commodity Index, an Index Component Disruption Event.

"Material Change in Content" means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract or, in the case of a Commodity Index, Index Component.

"Material Change in Formula" means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price or any Index Component used to calculate the Commodity Reference Price.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, five Scheduled Trading Days.

"Nearby Month", when preceded by a numerical adjective, means, in respect of a Delivery Date and an Underlying Valuation Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (a) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that Underlying Valuation Date; (b) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following that Underlying Valuation Date; and (c) "Sixth Nearby Month" means the month of expiration of the sixth Futures Contract to expire following that Underlying Valuation Date.

"Price Source" means, in respect of a Commodity Reference Price, the price source, providing the relevant price of the Commodity or Commodity Index, specified as such in the Issue Terms.

"Price Source Disruption" means (a) the failure of the Price Source to announce or publish the Commodity Reference Price (or the information necessary for determining the Commodity Reference Price) or (b) the temporary or permanent discontinuance or unavailability of the Price Source.

"Reference Dealers" means four leading dealers in the relevant Commodities market selected by the Calculation Agent.

"Related Exchange(s)" means, in respect of a Commodity or Commodity Index, each exchange or quotation system, any successor to such exchange or quotation system or any substitute exchange or quotation system where trading has a material effect (as determined by the Calculation Agent in its reasonable discretion) on the overall market for futures contracts or options contracts relating to such Commodity or Commodity Index.

"Relevant Level" means, in respect of a Commodity or Commodity Index, a level for such Commodity or Commodity Index (in the latter case, as determined and published by the Commodity Index Sponsor) which is relevant for the Securities.

"Scheduled Trading Day" means

- (a) in respect of a Commodity or a Commodity Index:
 - (i) where the Level for the relevant Commodity or Commodity Index is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which each relevant Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its scheduled closing time; or
 - (ii) a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price for the relevant Commodity or Commodity Index; or

- (b) in the case of a Basket of Commodities, a day on which the Commodity Reference Price in respect of all of the Basket Components is scheduled to be published or announced in accordance with (i) and (a)(ii).

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Tax Disruption" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity, or in the case of a Commodity Index or any Index Component (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Level on the day that would otherwise be an Underlying Valuation Date from what it would have been without that imposition, change or removal.

"Trading Disruption" means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the Commodity or, in the case of a Commodity Index, Index Component on the Exchange or in any additional futures contract, options contract, commodity index or commodity on any Exchange as specified in the applicable Issue Terms. For these purposes:

- (a) a suspension of the trading in the Futures Contract, Commodity or Index Component, as the case may be, on any Scheduled Trading Day shall be deemed to be material only if:
- (i) all trading in the Futures Contract, Commodity or Index Component, as the case may be, is suspended for the entire Underlying Valuation Date; or
 - (ii) all trading in the Futures Contract, Commodity or Index Component, as the case may be, is suspended subsequent to the opening of trading on the Underlying Valuation Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract, Commodity or Index Component, as the case may be, on such Underlying Valuation Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the relevant Futures Contract, Commodity or Index Component, as the case may be, on any Scheduled Trading Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract, Commodity or Index Component, as the case may be, may fluctuate and the closing or settlement price of the relevant Futures Contract, Commodity or Index Component, as the case may be, on such day is at the upper or lower limit of that range.

"Underlying Valuation Date" means each of the following (a) each Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Commodity, in each case, subject to adjustment in accordance with the Commodity Linked Conditions.

FUND LINKED CONDITIONS

The provisions of these Fund Linked Conditions shall apply to Fund Linked Securities and Hybrid Securities that include Fund Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is a Fund.

1. Extraordinary Fund Events

1.1 Determination of an Extraordinary Fund Event

The Calculation Agent will determine if an Extraordinary Fund Event has occurred acting in good faith and using commercially reasonable procedures to produce commercially reasonable results. Where the occurrence of an event or set of circumstances is capable of triggering more than one Extraordinary Fund Event, the Issuer may determine which Extraordinary Fund Event is to be triggered.

In considering whether the occurrence of an event or set of circumstances triggers an Extraordinary Fund Event, the Calculation Agent may have regard to the combined effect, from the Trade Date, of any event or set of circumstances, as the case may be, if such event or set of circumstances occurs more than once.

"**Extraordinary Fund Event**" means the occurrence or continuance at any time on or after the Trade Date of any of the following events set out in clauses (i) and (ii) and, if so specified in the applicable Issue Terms, the events set out in the remaining clauses, in each case as determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results:

Global Events

- (a) the Fund or any Fund Service Provider (i) ceases trading and/or, in the case of a Fund Service Provider, ceases administration, portfolio management, investment services, custodian, prime brokerage, or any other relevant business (as applicable) (ii) is dissolved or has a resolution passed, or there is any proposal, for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv)(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 (iv)(1) 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; (v) 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; (vi) 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 (vii) 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 (vi) above; or
- (b) the occurrence of a Merger Event or Tender Offer;

Litigation/Fraudulent Activity Events

- (c) there exists any litigation against the Fund or a Fund Service Provider which could materially affect the value of the Fund Shares or the rights or remedies of any investor in such Fund Shares; or
- (d) (i) an allegation of criminal or fraudulent activity is made in respect of the Fund, or any Fund Service Provider, or any employee of any such entity, or any such criminal or fraudulent activity has occurred, or (ii) any investigative, judicial, administrative or other civil or criminal proceedings is commenced or is threatened against the Fund, any Fund Service Provider or any key personnel of such entities if such allegation, determination, suspicion or proceedings could materially affect the value of the Fund Shares or the rights or remedies of any investor in such Fund Shares;

Fund Service Provider/Key Person Events

- (e) (i) a Fund Service Provider 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 and/or (ii) any event occurs which causes, or will with the passage of time cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents which failure has had or may have an adverse impact on: (A) the value of the Fund Shares and/or on the rights and/or remedies of any investor in such Fund Shares or (B) the hedging implemented by the Hedge Entity and/or on the rights and/or remedies of the Hedge Entity; or
- (f) one or more of the key individuals involved with, or having supervision over, the Fund or a Fund Service Provider ceases to act in such capacity, and the relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;

Modification Events

- (g) a material modification of or deviation from any of the investment objectives, investment restrictions, investment process or investment guidelines of the Fund (howsoever described, including the underlying type of assets in which the Fund invests), from those set out in the Fund Documents, or any announcement regarding a potential modification or deviation, except where such modification or deviation is of a formal, minor or technical nature;
- (h) a material modification, cancellation or disappearance (howsoever described), or any announcement regarding a potential future material modification, cancellation or disappearance (howsoever described), of the type of assets (i) in which the Fund invests, or (ii) the Fund purports to track;
- (i) a material modification or material deviation, or any announcement regarding a potential future material modification or material deviation, of the Fund (including but not limited to a material modification of or material deviation from the Fund Documents or a material modification to or material deviation from the Fund's liquidity terms) other than a modification, deviation or event which does not affect the Fund Shares or the Fund or any portfolio of assets to which the Fund Share relates (either alone or in common with other Fund Shares issued by the Fund);
- (j) the creation by the Fund of any illiquid share class or unit howsoever described;
- (k) the currency denomination of the Fund Shares is amended from that set out in the Fund Documents so that the NAV per Fund Share is no longer calculated in the same currency as it was as at the Trade Date;
- (l) if applicable, the Fund ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction; or
- (m) following the issue or creation of a new class or series (howsoever described in the Fund Documents) of shares or units by the Fund, the Calculation Agent determines taking into consideration the potential cross-liability between classes of shares or units (howsoever described in the Fund Documents) that

such new class or series has or may have an adverse effect on the hedging activities of the Hedge Entity in relation to the Securities;

NAV per Fund Share/AUM Level Events

- (n) a material modification of the method of calculating the NAV per Fund Share;
- (o) any change in the periodicity of the calculation or the publication of the NAV per Fund Share;
- (p) any suspension of the calculation or publication of the NAV per Fund Share;
- (q) the occurrence of any event affecting a Fund Share that would make it impossible or impracticable for the Calculation Agent to determine the NAV per Fund Share;
- (r) any of the Fund, any Fund Service Provider 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 immediate and direct control of the entity responsible for such publication;
- (s) any Fund Service Provider uses asset prices provided by the investment manager (howsoever described in the Fund Documents) to calculate the NAV per Fund Share when such asset prices could have been obtained from independent sources and the asset prices from independent sources materially diverge from the asset prices provided by the investment manager (howsoever described in the Fund Documents);
- (t) the assets under management of the Fund falls below the AUM Level;
- (u) (i) the NAV per Fund Share is inaccurate, or (ii) the reported net asset value of the Fund Shares misrepresents the net asset value of the Fund Shares;
- (v) if NAV Trigger Event is specified as applicable in the applicable Issue Terms, a NAV Trigger Event occurs;
- (w) if Volatility Trigger Event is specified as applicable in the applicable Issue Terms, a Volatility Trigger Event occurs;
- (x) (i) in the case of a Hedge Fund only, the audited net asset value of the Fund and/or the NAV per Fund Share is different from the audited net asset value of the Fund and/or the NAV per Fund Share communicated by the relevant Fund Service Provider in respect of the same date, (ii) the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, and/or (iii) the audited net asset value of the Fund and/or the NAV per Fund Share are not representative of the actual net asset value of the Fund and/or the NAV per Fund Share; or

Reporting Events

- (y) any failure of the Fund, or its authorised representative, to deliver or publish, or cause to be delivered or published, (A)(i) information that the Fund has agreed to deliver or publish, or agreed to cause to be delivered or published, to the Calculation Agent, (ii) information of a type that has been previously delivered to the Calculation Agent, or (iii) information that the Calculation Agent may reasonably request, in each case, in accordance with the Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary or desirable for it to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Fund Share or (B)(i) information that the Fund has agreed to deliver or publish, or agreed to cause to be delivered or published, to the Hedge Entity, (ii) information of a type that has been previously delivered to the Hedge Entity, or (iii) information that the Hedge Entity may reasonably request, in each case, in accordance with the Fund's, or its authorised representative's, normal practice and that the Hedge Entity deems necessary or desirable for it to monitor such Fund's compliance with

any investment guidelines, asset allocation methodologies or any other similar policies relating to the Fund Share;

- (z) any Fund Service Provider fails to provide (A) the Calculation Agent within a reasonable time and in a format acceptable to the Calculation Agent any information that the Calculation Agent has reasonably requested regarding the investment portfolio or other activities or undertakings of the Fund or that may be required for the Calculation Agent to comply with its regulatory obligations or (B) the Hedge Entity within a reasonable time and in a format acceptable to the Hedge Entity any information that the Hedge Entity has reasonably requested regarding the investment portfolio or other activities or undertakings of the Fund or that may be required for the Hedge Entity to comply with its regulatory obligations; or
- (aa) any failure of the Fund, its authorised representative or any Fund Service Provider, as the case may be, to (A) make publicly available, either on a voluntary basis or as required by applicable laws and regulations, FRTB Information or (B)(i) provide the Issuer and/or the Calculation Agent with FRTB Information, which in each case, would be reasonably likely to result in the Issuer and/or the Calculation Agent or any of their affiliates incurring materially increased capital requirements (as compared to the Trade Date) in respect of its holding of any Fund Shares pursuant to the OSFI's Guideline for Capital Adequacy Requirements or (ii) provide any Hedge Entity with FRTB Information, which in each case, would be reasonably likely to result in any Hedge Entity or any of their affiliates incurring materially increased capital requirements (as compared to the Trade Date) in respect of its holding of any Fund Shares pursuant to the OSFI's Guideline for Capital Adequacy Requirements;

Tax/Law/Accounting/Regulatory Events

- (bb) 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 Entity in respect of the Securities (a "**Tax Event**") and, subject as provided below, the Hedge Entity 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 an affiliated company, provided that the Hedge Entity 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 it is or becomes apparent at any time that there is no practicable means of mitigating the Tax Event; or
- (cc) (i) any relevant activities of or in relation to the Fund or a Fund Service Provider 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, in any applicable jurisdiction (including, but not limited to, any cancellation, suspension or revocation of the registration or approval of the Fund by any governmental, legal or regulatory entity with authority over the Fund), (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the Fund or a Fund Service Provider or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the Fund is required by a competent authority to redeem any Fund Shares, (iv) the Hedge Entity is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any Fund Shares held in connection with any hedging arrangements relating to the Securities and/or (v) any change in the legal, tax, accounting or regulatory treatment of the Fund or any Fund Service Provider that is reasonably likely to have an adverse impact on the value of the Fund Shares or other activities or undertakings of the Fund or on the rights or remedies of any investor in such Fund Shares, including any Hedge Entity;

Hedging/Impracticality/Increased Costs Events

- (dd) in connection with any hedging activities in relation to the Securities, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Trade 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 Hedge Entity to hold (including, without limitation, circumstances requiring the Hedge Entity to modify any reserve, special deposit, or similar requirement or that would adversely affect the amount or cost 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 Hedge Entity to any loss), purchase or sell the relevant Fund Shares or any underlying assets of or related to the Fund or for the Hedge Entity to maintain such hedging arrangements and, (ii) subject as provided below, the Hedge Entity 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 an affiliated company, provided that the Hedge Entity 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 it is or becomes at any time apparent that there is no practicable means of mitigating the Relevant Event;
- (ee) in connection with the hedging activities in relation to the Securities, if the cost to the Hedge Entity in relation to the Securities and the related hedging arrangements (including, but not limited to, new or increased taxes, duties, expenses or fees (or the combined effect thereof if occurring more than once)) would be materially increased or the Hedge Entity would be subject to a material loss relating to the Securities and the related hedging arrangements;
- (ff) in connection with the hedging activities in relation to the Securities, the Hedge Entity is unable or it becomes impractical for the Hedge Entity, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary to hedge the Issuer's obligations under the Securities or (ii) to realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem a Fund Share, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Share, or (B) any mandatory redemption, in whole or in part, of such Fund Share;
- (gg) at any time on or after the Trade Date of the first issue of the Series, the Hedge Entity directly or indirectly acquires any ownership interest in or sponsors a covered fund that is not subject to an exemption under 12 U.S.C. §1851 (the "**U.S. Volcker Rule**");
- (hh) at any time on or after the Trade Date, the Issuer and/or any of its affiliates would incur an increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, capital and/or funding costs, expense or fee (other than brokerage commissions) to maintain the Securities; or
- (ii) at any time on or after the Trade Date of the first issue of the Series, (i) the Hedge Entity unintentionally acquires directly or indirectly any ownership interest in a Fund that exceeds 10 per cent. of the total assets under management or (ii) as a consequence of changes in the performance, size, investment strategy or liquidity of a Fund, the Hedge Entity holds an ownership interest in such Fund that exceeds 10 per cent. of the total assets under management;

Dealing Events

- (jj) (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 any non-execution by the Fund pending completion of its fiscal audit) (ii) the Fund suspends or refuses transfers 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), (iii) 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 Hedge Entity or exercises its right to claw back the proceeds already paid on redeemed Fund Shares, if in any case it could have an adverse impact on the Hedge Entity's rights or obligations in relation to its hedging activities in relation to the Securities, or (iv) 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;

Miscellaneous Events

- (kk) in the case of Securities linked to a Fund Basket or a Fund Index and if Basket Trigger Event is specified as applicable in the applicable Issue Terms, a Basket Trigger Event occurs;
- (ll) the Fund or any Fund Service Provider defaults under, materially modifies, or terminates any rebate agreements, fee agreements, financial arrangements or other similar agreements in place with the Issuer, the Hedge Entity or any of its affiliates;
- (mm) if the Fund is part of an umbrella structure with more than one sub-fund, a cross-contamination or other failure to segregate the portfolio of assets held by the Fund occurs between different series, classes and/or sub-funds;
- (nn) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which is comparable to security over any such assets (including without limitation any repo or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repo, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or terminable early by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or
- (oo) the long-term unsecured, unsubordinated and unguaranteed debt rating assigned to any Fund Service Provider or any parent company (howsoever described) of the Fund, by Moody's Investors Service Inc., or any successor to the ratings business thereof ("**Moody's**"), and/or Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.), or any successor to the ratings business thereof ("**S&P**"), is downgraded below A (S&P) or A2 (Moody's) and/or the short-term unsecured, unsubordinated and unguaranteed debt rating assigned to any Fund Service Provider by Moody's or S&P is downgraded below A-1 (S&P) or P-1 (Moody's).

References solely in this Fund Linked Condition 1.1 to:

- (i) "**Fund**" shall include the Fund and any funds in which it invests any of its investible assets from time to time; and
- (ii) "**Fund Shares**" shall include the Fund Shares and the shares or units in any Fund (as defined in paragraph (i) above).

The Issue Terms will specify the Extraordinary Events applicable to the Securities, provided that:

- (i) if "All" is specified in the Issue Terms, all of the events listed in this Fund Linked Condition 1.1 will constitute an Extraordinary Fund Event,
- (ii) if specific events are listed, only such events will constitute an Extraordinary Fund Event, and
- (iii) if SC/FM Fund Events is specified as applicable in the applicable Issue Terms, all events other than the events described in Fund Linked Conditions 1.1(e)(ii)(e)(B), 1.1(m), 1.1(q), 1.1(y)(B),

1.1(z)(B), 1.1(aa)(B)(ii), 1.1(bb), 1.1(cc)(iv), 1.1(cc)(v), 1.1(dd), 1.1(ee), 1.1(ff), 1.1(gg), 1.1(hh), 1.1(ii), 1.1(jj)(iii) and 1.1(ll) will constitute an Extraordinary Fund Event,

in each case subject to specific other specifications in the Issue Terms.

1.2 Consequences of an Extraordinary Fund Event

- (a) If the Calculation Agent determines that an Extraordinary Fund Event has occurred, the Calculation Agent shall give notice (an "**Extraordinary Fund Event Notice**") to the Securityholders in accordance with General Condition 12 (*Notices*) (which notice shall be irrevocable), of the occurrence of such Extraordinary Fund Event (the date on which an Extraordinary Fund Event Notice is given, an "**Extraordinary Fund Event Notification Date**") as soon as reasonably practicable following the determination of an Extraordinary Fund Event. The Extraordinary Fund Event Notice shall set out, if determined at that time, the action that the Issuer has determined to take in respect of the Extraordinary Fund Event pursuant to Fund Linked Condition 1.2(b) (in the case of a Fund that is not a Fund Index Component) or Fund Linked Condition 1.2(b) (in the case of a Fund that is a Fund Index Component). Where the action that the Issuer has determined to take is not, for whatever reason, set out in the Extraordinary Fund Event Notice, the action that the Issuer has determined to take shall be set out in a subsequent notice given to Securityholders in accordance with General Condition 12 (*Notices*) as soon as reasonably practicable after the Extraordinary Fund Event Notification Date.

If the Calculation Agent gives an Extraordinary Fund Event Notice, the Issuer shall have no obligation to make any payment or delivery in respect of the Securities until the Issuer has determined the action that it has determined to take pursuant to Fund Linked Condition 1.2(b).

- (b) In the case of a Fund that is not a Fund Index Component, following the occurrence of an Extraordinary Fund Event, the Issuer may take the action described below, in the order of priority set out below, provided that, if the Calculation Agent determines that an Extraordinary Fund Event has occurred or is continuing on the Delayed Payment Cut-off Date, the Issuer shall determine that the action to be taken in respect of the Extraordinary Fund Event is Special Circumstance.

(i) *Substitution*

If the Issuer determines that the action in respect of the Extraordinary Fund Event is to be "**Substitution**", the Calculation Agent shall:

- (A) determine the weighted average price at which a Hypothetical Investor can redeem the Fund Shares in the relevant Fund (the "**Affected Fund**") in such number as determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, as soon as it is reasonably practicable following the Extraordinary Fund Event;
- (B) for a period of no longer than 14 calendar days following the date on which a Hypothetical Investor would have received proceeds from a redemption order in full submitted by the Hedge Entity as soon as practicable following the occurrence of an Extraordinary Fund Event, use reasonable efforts to substitute the Fund Shares with shares, units or other similar interests in an alternative fund which, in the determination of the Calculation Agent (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results), has similar characteristics to the Affected Fund, including but not limited to, comparable investment objectives, investment restrictions and investment processes and has service providers acceptable to the Calculation Agent;
- (C) if no alternative fund can be determined pursuant to the preceding sub-paragraph (B) above, use reasonable efforts to substitute the Fund with an index (or a fund tracking such index) selected by the Calculation Agent acting in good faith and using commercially reasonable procedures to produce commercially reasonable results; and

- (D) following any substitution in accordance with sub-paragraph (B) or (C) above, the Issuer may require the Calculation Agent make such determinations and/or adjustments to the Adjustable Terms as it determines to be appropriate to take account of such Substitution; or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such a substitution would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,

(ii) *Adjustment*

The Issuer may determine that the action to be taken in respect of the Extraordinary Fund Event is to be "**Adjustment**", and determine, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, the appropriate adjustment(s), if any, to be made to the Adjustable Terms to take account of the Extraordinary Fund Event and determine the effective date of such adjustment; or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such an adjustment would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,

(iii) *Special Circumstance*

The Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that the relevant event shall constitute a Special Circumstance.

- (c) In the case of a Fund that is a Fund Index Component, following the occurrence of an Extraordinary Fund Event, the Issuer may take the action described below, in the order of priority set out below:

- (i) require the Calculation Agent to use reasonable efforts to substitute the Fund Index that includes the Affected Fund Index Component (the "**Affected Fund Index**") with an alternative fund index which, in the determination of the Calculation Agent (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) measures the same (or a substantially similar, market or economic reality as the Affected Fund Index, including, but not limited to, the method of calculation; or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such a substitution would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,

- (ii) if the Extraordinary Fund Event occurs or is subsisting on an Underlying Valuation Date, require the Calculation Agent to determine the relevant index level and the Settlement Price for such date using the NAV per Fund Share for each Fund Index Component comprising the relevant Fund Index in accordance with (A) and (B) below in accordance with the formula for and method of calculating the index level on the date on which the Extraordinary Fund Event occurs;

- (A) with respect to each Fund Index Component which is not affected by an Extraordinary Fund Event, the index level will be calculated using the NAV per Fund Share of such Fund Index Component on the relevant Underlying Valuation Date; and

- (B) with respect to each Fund Index Component which is affected by an Extraordinary Fund Event (each an "**Affected Fund Index Component**"), the index level will be calculated using the NAV per Fund Share of such Fund Index Component on the first Fund Business Day following the relevant Underlying Valuation Date on which no

Extraordinary Fund Event occurs or is subsisting with respect to the Affected Fund Index Component, unless an Extraordinary Fund Event in respect of the Affected Fund Index Component is occurring for the number of consecutive Fund Business Days equal to the Maximum Days of Disruption immediately following the relevant Underlying Valuation Date. In that case the last such consecutive Fund Business Day shall be deemed to be the Underlying Valuation Date for the Affected Fund Index Component, notwithstanding the Extraordinary Fund Event and the Calculation Agent will determine the price of the Affected Fund Index Component based upon the price at which a Hypothetical Investor can sell or otherwise realise any hedge positions in respect of an Affected Fund Index Component during the period of five Fund Business Days following such Underlying Valuation Date; or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such a determination would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,

- (iii) the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.
- (d) In determining to take a particular action as a result of an Extraordinary Fund Event, the Issuer will consider the reasonable interests of Securityholders. In making any determination as to which action to take following the occurrence of an Extraordinary Fund Event, neither the Issuer nor the Calculation Agent shall be responsible for any loss (including any liability in respect of loss of interest), underperformance or opportunity cost suffered or incurred by Securityholders or any other person in connection with the Securities as a result thereof, howsoever arising including as a result of any delay in making any payment or delivery in respect of the Securities.

2. Fund Index Adjustment Event

If (a) on or prior to any Underlying Valuation Date, the relevant Fund Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Fund Index or in any other way materially modifies that Fund Index (other than a modification prescribed in that formula or method to maintain the Fund Index in the event of changes in the Fund Index Components and other routine events) (a "**Fund Index Modification**"), or permanently cancels a relevant Fund Index and no successor Fund Index exists (a "**Fund Index Cancellation**"), or (b) on any Underlying Valuation Date, the Fund Index Sponsor or (if applicable) the successor Fund Index Sponsor fails to calculate and announce a relevant Fund Index (a "**Fund Index Disruption**") or (c) any Fund Index Licencing Event has occurred and is continuing (a Fund Index Modification, a Fund Index Cancellation, Fund Index Disruption and a Fund Index Licencing Event, each a "**Fund Index Adjustment Event**"), then:

- (a) the Calculation Agent shall determine if such Fund Index Adjustment Event has a material effect on the Securities and, if so, shall calculate the relevant value, level or price using, in lieu of a published level for that Fund Index, the level for that Fund Index on such Underlying Valuation Date, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Fund Index last in effect prior to the change, failure or cancellation, but using only those Fund Index Components that comprised that Fund Index immediately prior to that Fund Index Adjustment Event; or
- (b) the Calculation Agent may use commercially reasonable efforts to select a successor fund index which in its determination, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, measures the same (or a substantially similar) market or economic reality as the original Fund Index and, upon selection of such fund index, the Calculation Agent shall promptly notify the Holders in accordance with General Condition 12 (*Notices*) and such fund index will be deemed to be the "Fund Index" for the purpose of the Securities and the Calculation Agent will

make such adjustment, if any, to the Adjustable Terms as it (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) determines appropriate to take account of the substitution; or

- (c) the Calculation Agent may determine, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, such other appropriate adjustments to the Adjustable Terms, if any, to be made to the terms of the Securities to account for the Fund Index Adjustment Event and determine the effective date of those adjustments; or
- (d) the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance; or
- (e) in the case of a Fund Index Modification which occurs on the last Underlying Valuation Date only, the Calculation Agent may elect to calculate the level of the Fund Index, using in lieu of the published level for the Fund Index as of the Underlying Valuation Date the level of the Fund Index as of that date determined by the Calculation Agent in accordance with the formula for and method of calculating the Fund Index last in effect prior to the Fund Index Modification but using only those Fund Index Components that comprised the Fund Index prior to the Fund Index Modification.

3. Early Redemption in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

4. Correction of Prices

In the event that a Relevant Underlying Price is subsequently corrected and the correction (the "**Corrected Price**") is published on or before the Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Securities may have to be made, which, in each case, would require the Relevant Underlying Price, then the Calculation Agent shall be entitled to determine the amount payable or make any such determination in connection with the Securities after taking into account such Corrected Price, and, to the extent necessary, the Issuer and/or Calculation Agent may adjust any relevant terms of the Securities to account for such Corrected Price. Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

5. Definitions

The following terms and expressions shall have the following meanings in respect of Fund Linked Securities, Hybrid Securities that include Fund Linked Securities as a component part and each Underlying which is a Fund:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Fund, or in case of a Physical Delivery, the Physical Delivery Amount, any other component or variable relevant for the determination of the price or return of the relevant or the maturity consideration, as specified in the Issue Terms.

"AUM Level" has the meaning given to it in the applicable Issue Terms, or if not so specified, with respect to (i) a Mutual Fund, EUR 50,000,000, or (ii) a Hedge Fund, EUR 100,000,000, or the equivalent in any other currency.

"Basket Component" means each Share composed within a basket of Underlyings.

"Basket Trigger Event" means that an Extraordinary Fund Event occurs in respect of one or more Funds comprising the Fund Basket or the Fund Index, as the case may be, which has or, in the event that an Extraordinary Fund Event has occurred in respect of more than one Fund, together have, a weighting in the Fund Basket or the Fund Index, as the case may be, equal to or greater than the Basket Trigger Level.

"Basket Trigger Level" has the meaning given to it in the applicable Issue Terms or if not so specified, 50 per cent.

"Delayed Payment Cut-off Date" has the meaning given in the applicable Issue Terms or, if not so specified, the date falling two calendar years after the originally designated Redemption Date or the date of the early redemption determined pursuant to Fund Linked Condition 3 (*Early Redemption in Special Circumstances, Illegality or Disruption Event*), as the case may be.

"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 acting in good faith and using commercially reasonable procedures to produce commercially reasonable results.

"Final Calculation Date" means the date specified as such in the applicable Issue Terms.

"FRTB Information" means sufficient information, including relevant risk sensitivities data, in a processable format to enable the relevant Issuer, the Calculation Agent and/or the Hedge Entity or any of their affiliates, as the case may be, to calculate its market risk in relation to any holding of Fund Shares, as if it were holding the assets of the relevant Fund directly (where, such information shall be deemed to be in a "processable format" if the information can be used by the relevant Issuer, the Calculation Agent and/or the Hedge Entity or any of their affiliates to compute its market risk).

"Fund" means each Mutual Fund, Hedge Fund or Private Equity Fund or, in the case of a Fund Index, each Fund Index Component comprised in such Fund Index.

"Fund Basket" means, where the Securities are linked to the performance of Fund Shares of more than one Fund or more than one Fund Index, a basket comprising such Fund Shares or Fund Indices, as the case may be.

"Fund Business Day" means either (i) with respect to a single Fund, Fund Business Day (Single Fund Share Basis), or (ii) in respect of a Fund Basket or a Fund Index, either Fund Business Day (All Fund Shares Basis) or Fund Business Day (Per Fund Share Basis) as specified in the applicable Issue Terms, provided that, if no such specification is made in the applicable Issue Terms, Fund Business Day (Per Fund Share Basis) shall apply.

"Fund Business Day (All Fund Shares Basis)" means, with respect to a Fund Basket or a Fund Index, a date (i) that is a Fund Valuation Date for all Fund Shares comprised in the Fund Basket or the Fund Index, as the case may be and (ii) on which the Hedge Entity has, or could have, a subscription or redemption order for each such Fund Share executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally publishes or reports such 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 Hedge Entity 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 publishes or reports such value) in respect of such Fund Valuation Date.

"Fund Business Day (Single Fund Share Basis)" means with respect to a Fund Share, a date (i) that is a Fund Valuation Date and (ii) on which the Hedge Entity 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 publishes or reports such value) in respect of such Fund Valuation Date.

"Fund Documents" means, with respect to any Fund Share, any of (i) the offering document of the relevant Fund in effect on the Hedging Date specifying, among other matters, the terms relating to such Fund Share, (ii) any other documents or agreements in respect of the Fund, including without limitation, the constitutive and governing documents, subscription agreements and other agreements of the Fund, in each case as may be further described in any the offering document described in (i) above and (iii) any other agreements between the relevant Issuer, the Calculation Agent or the Hedge Entity, as applicable, and the Fund and/or any Fund Service Provider. **"Fund Index "** means an index comprising one or more funds (each such Fund comprising a Fund Index a **"Fund Index Component "**) and specified as a Fund Index in the applicable Issue Terms.

"Fund Index Licencing Event" means the Issuer, after using commercially reasonable efforts, is restricted from continuing the use of the Fund Index in connection with the Securities as a result of any applicable licencing restrictions (which may include, without limitation, where the Issuer, and/or any affiliate is required to hold a licence in order to issue or perform its obligations in respect of the Securities and/or any transaction(s) or asset(s) to hedge the equity or other price risk of the Issuer entering into and performing its obligations with respect to the Securities and for any reason it cannot obtain such licence or such licence is not renewed or is revoked by the Index Sponsor or the administrator of the Index).

"Fund Index Sponsor" means the entity that publishes or announces (directly or through an agent) the level of the Fund Index, which as of the Issue Date is the index sponsor specified in respect of a Fund Index in the applicable Issue Terms.

"Fund Share(s)" means (i) an ownership interest issued to or held by an investor in a Fund or any other interest specified as such in the applicable Issue Terms, or (ii) in the case of a Fund Index, the shares (or other ownership interest) in a Fund Index Component comprised in each such Fund Index.

"Fund Service Provider" means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, in respect of such Fund, whether or not specified in the Fund Documents, including any advisor, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, sponsor or general partner and any other person specified as such in the applicable Issue 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 or but for the occurrence of an Extraordinary Fund Event would have been scheduled to determine the NAV per Fund Share.

"Hedge Fund" means the hedge fund(s) specified as such in the applicable Issue Terms.

"Hedge Entity" has the meaning given to such term in the General Conditions. The Hedge Entity may hold or may be deemed to hold such number of Fund Shares, or may 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 Securities.

"Hedging Date" has the meaning given to it in the applicable Issue Terms.

"Hypothetical Investor" means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in a Fund Share which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding a Fund Share at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent or any of their affiliates (as determined by the Calculation Agent in the context of the relevant situation).

"Initial Calculation Date" means the date specified as such in the applicable Issue Terms, or if not so specified, the Hedging Date.

"Level" means, in respect of a Fund Share and any relevant day, one of the following as specified in the Issue Terms in respect of such Fund and such day:

- (i) NAV per Fund Share (in case of a Fund Share); or
- (ii) Settlement Price (in case of a Fund Index or Basket of Fund Indices); or
- (iii) any other price specified as such in the Issue Terms.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, 10 Fund Business Days.

"Merger Event" means, in respect of any relevant Shares and Entity (as defined below), 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/unit/interest exchange of an Entity with or into another entity or person (other than a consolidation, amalgamation, merger or binding share/unit/interest exchange in which such Entity, 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 an Entity 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/unit/interest exchange of an Entity or its subsidiaries with or into another entity in which the Entity 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 Extraordinary Fund Event Effective Date, as determined by the Calculation Agent, is on or before the Final Calculation Date. For the purposes of this definition of "Merger Event" only, **"Shares"** shall mean the applicable Fund Shares or the shares of any applicable Fund Service Provider, as the context may require, and **"Entity"** shall mean the applicable Fund or any applicable Fund Service Provider, as the context may require.

"Mutual Fund" means the mutual fund(s) specified as such in the applicable Issue Terms.

"NAV per Fund Share" means, with respect to the relevant Fund Shares and a Fund Business Day, (i) the net asset value per Fund Share as of the related Fund Valuation Date, 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 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 calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares divided by the number of Fund Shares issued and outstanding as of the related Fund Valuation Date.

"NAV Trigger Event" means, in respect of the 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 judgement 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 applicable Issue Terms or, if not so specified, with respect to (i) a Mutual Fund 50 per cent., or (ii) a Hedge Fund 50 per cent.

"NAV Trigger Period" means the period specified in the applicable Issue Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date.

"Number of NAV Publication Days" means the number of calendar days specified in the applicable Issue Terms or if not so specified, with respect to (i) a Mutual Fund, 5 calendar days, or (ii) a Hedge Fund, 10 calendar days.

"Private Equity Fund" means the private equity fund(s) specified as such in the applicable Issue Terms.

"Relevant Underlying Price" means, in respect of a Fund, a price for such Fund which is relevant for the Securities.

"Scheduled Trading Day" means, in respect of a Fund, Fund Basket, Fund Index or Fund Share, "a Fund Business Day.

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Settlement Price" means:

- (i) in the case of Securities relating to a Basket of Fund Indices and in respect of each Fund Index comprising the Basket of Fund Indices, an amount equal to the official level for each such Fund Index published by the Fund Index Sponsor as determined by the Calculation Agent; and
- (ii) in the case of Securities relating to a single Fund Index, an amount equal to the official level of the Fund Index published by the Fund Index Sponsor as determined by the Calculation Agent.

"Special Circumstance" has the meaning given to that term in Condition 4.5 (*Early Redemption for Special Circumstance*) of the General Conditions, unless modified in these Underlying Specific Conditions.

"Substitution Event" means, in respect of the Reference Share, any Nationalisation, Insolvency or Delisting in respect of the Reference Share, or any Merger Event or Tender Offer in respect of such Reference Share that is determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, to have a diluting or concentrative effect on the value of the Reference Share, or the occurrence and continuation for at least five consecutive applicable Exchange Business Days of a Market Disruption Event (as defined below) in respect of the Reference Share.

"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 50 per cent. and less than 100 per cent. of the outstanding voting shares, units or interests of the Fund or Fund Service Provider, 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.

"Underlying Valuation Date" means each of the following (a) Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Fund, in each case, subject to adjustment in accordance with the Fund Linked Conditions.

"Volatility Trigger Event" means, in respect of the Fund Shares and any Fund Business Day following the Trade Date, that the annualised realised volatility of the NAV per Fund Share in respect of the relevant Volatility Trigger Period is greater than the Volatility Trigger Percentage, provided that, the Calculation Agent shall determine the annualised realised volatility of the NAV per Fund Share in respect of the relevant Volatility Trigger Period acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, using its own internal valuation methodology, data and systems and, to the extent required, external systems and data provided by third parties.

"Volatility Trigger Percentage" means the percentage specified as such in the applicable Issue Terms.

"Volatility Trigger Period" means, in respect of any Fund Business Day, the period specified as such in the applicable Issue Terms or, if not so specified, a period of one calendar year in each case ending on (but excluding) such Fund Business Day.

INFLATION INDEX LINKED CONDITIONS

The provisions of these Inflation Index Linked Conditions shall apply to Inflation Index Linked Securities and Hybrid Securities that include Inflation Index Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is an Inflation Index.

1. Consequences of Disrupted Days

1.1 Single Index and Underlying Valuation Dates

If the Calculation Agent determines that a Delayed Index Level Event in respect of the Inflation Index has occurred with respect to an Underlying Valuation Date, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation or determination to be made by the Calculation Agent and/or the Issuer with respect to such Underlying Valuation Date (the "**Substitute Inflation Index Level**") shall be determined by the Calculation Agent, as follows:

- (a) if Related Bond is specified as applicable in the Issue Terms, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or
- (b) if (i) Related Bond is specified as 'Not Applicable' in the relevant Issue Terms, or (ii) the Calculation Agent is not able to determine a Substitute Inflation Index Level under (a) above, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

$$\text{Substitute Inflation Index Level} = \text{Base Level} \times (\text{Latest Level/Reference Level}).$$

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date, such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Index Linked Condition 1 will be the definitive level for that Reference Month.

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with this 1.1, the Calculation Agent may make such adjustment(s) that it determines to be appropriate, if any, to the Adjustable Terms to account for such Successor Inflation Index.

1.2 Postponement of consequential dates or Special Circumstance

A Delayed Index Level Event may delay the determination of the price or return of the relevant Inflation Index and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the price of the relevant Inflation Index that may be payable.

In addition, if prior to the Redemption Valuation Date a Delayed Index Level Event occurs and continues for at least the Maximum Days of Disruption consecutive Business Days, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2. Successor Inflation Index and Adjustments

2.1 Successor Inflation Index

If the Calculation Agent determines that (i) the level of an Inflation Index is not calculated and announced by the Inflation Index Sponsor for two consecutive months, (ii) the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index and/or the Index Sponsor cancels the Index and/or (iii) an Inflation Index Licencing Event has occurred and is continuing, then the Calculation Agent shall determine a successor index (a "**Successor Index**") (in lieu of any previously applicable Index) for the purposes of the Securities as follows:

- (a) if Related Bond is specified as applicable in the Issue Terms, the Calculation Agent shall determine a Successor Inflation Index by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (b) if (x) Related Bond is specified as 'Not Applicable' in the Issue Terms or (y) a Related Bond Redemption Event has occurred and Fallback Bond is specified as 'Not Applicable' in the Issue Terms, the Inflation Index Sponsor announces that it will no longer publish or announce the Inflation Index but that it will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement Inflation Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the Index, such replacement index shall be designated a Successor Inflation Index;
- (c) if no Successor Inflation Index has been determined under (a) or (b) the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be.

If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, such index will be deemed the Successor Inflation Index.

If three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the Successor Inflation Index.

If fewer than three responses are received by the Cut-Off Date or if each of the responses state different indices the Calculation Agent will determine an appropriate alternative index and such index will be deemed a Successor Inflation Index; or
- (d) if the Calculation Agent determines that there is no appropriate alternative index, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Inflation Index shall be deemed to replace the Inflation Index for the purposes of the Securities.

If either of the events described in this 2.1 have occurred, the Calculation Agent may make such adjustment(s) that it determines to be appropriate, if any, to the Adjustable Terms to account for such Successor Inflation Index.

2.2 **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 Issue 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 specified as 'Not Applicable' in the Issue 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 Inflation Index before it was rebased and

in each case the Calculation Agent may make such adjustment(s) that it determines to be appropriate, if any, to the Adjustable Terms to account for such Rebased Index.

If the Calculation Agent determines that neither (a) nor (b) above would produce a commercially reasonable result, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

2.3 Index Modification

If, in respect of an Index, the Calculation Agent determines that an Index Modification has occurred, the Calculation Agent shall determine if such event has a material effect on the Securities and, if so, the Calculation Agent may

- (a) if Related Bond is specified as applicable in the Issue Terms, make any adjustments to the Inflation Index, any Relevant Level and/or any other relevant Adjustable Terms consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, or
- (b) if Related Bond is specified as 'Not Applicable' in the Issue Terms or a Related Bond Redemption Event has occurred make only those adjustments to the Inflation Index, any Relevant Level and/or any other relevant Adjustable Terms, as the Calculation Agent deems necessary, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, for the modified Inflation Index to continue as the Inflation Index and to account for the economic effect of the Index Modification.

If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Underlying Valuation Date, the Calculation Agent may determine either (i) to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Underlying Valuation Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Underlying Valuation Date, or (ii) 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 this 2.3.

2.4 Notice of Adjustments

Upon making any such adjustment pursuant to this Inflation Index Linked Conditions 1 (*Consequences of Disrupted Days*) or 2 (*Successor Inflation Index and Adjustments*), the Issuer and/or Calculation Agent shall give notice to the Securityholders in accordance with General Condition 12 (*Notices*), stating the relevant adjustment and giving brief details of the relevant event in respect of which such adjustment was made, provided that any failure to give such notice shall not affect the validity of the relevant event or any action taken.

3. Early Redemption in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

4. Correction of Levels

The first publication or announcement of the Relevant Level (disregarding estimates) by the Inflation Index Sponsor for any Reference Month shall be final and conclusive and, subject to the following paragraph, 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 Underlying Valuation 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.

If, within 30 days of publication or at any time prior to a Underlying Valuation Date in respect of which a Relevant Level will be used in any calculation or determination, the Calculation Agent determines that the Inflation Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to any amount payable under the Securities and/or any other relevant term of the Securities as determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction.

If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of an Underlying Valuation 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 Securities 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 Securities and/or any other relevant term of the Securities 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.

Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

5. Definitions

The following terms and conditions shall have the following meanings in respect of Index Linked Securities, Hybrid Securities that include Index Linked Securities as a component part and each Underlying which is an Index:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Inflation Index, any other component or variable relevant for the determination of the price or return of the relevant Inflation Index or the maturity consideration, as specified in the Issue Terms.

"Base Level" means the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined.

"Cut-Off Date" means, in respect of an Underlying Valuation Date, three Business Days prior to such date, unless otherwise stated in the Issue Terms.

"Delayed Index Level Event" means, in respect of any Underlying Valuation Date, that the Inflation Index Sponsor fails to publish or announce the level of the Index in respect of any Reference Month which is to be utilised in any calculation or determination in respect of such Underlying Valuation Date, at any time on or prior to the Cut-Off Date.

"Fallback Bond" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to the Inflation Index, with a maturity date which falls on (a) the same day as the Redemption Date, (b) the next longest maturity after the Redemption Date if there is no such bond maturing on the Redemption Date, or (c) the next shortest maturity before the Redemption Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all

eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Index Modification" means, in respect of an Index, on or before any Underlying Valuation Date the Index Sponsor announces that it will make a material change in the formula for or method of calculating that Inflation Index or in any other way materially modifies that Inflation Index (other than a modification prescribed in that formula or method to maintain that Inflation Index).

"Inflation Index" means, subject to an adjustment in accordance with the Inflation Index Linked Conditions, each index specified as such in the Issue Terms and related expressions shall be construed accordingly.

"Inflation Index Licencing Event" means the Issuer, after using commercially reasonable procedures to produce commercially reasonable results, is restricted from continuing the use of the Index in connection with the Securities as a result of any applicable licencing restrictions (which may include, without limitation, where the Issuer, and/or any affiliate is required to hold a licence in order to issue or perform its obligations in respect of the Securities and/or any transaction(s) or asset(s) to hedge the equity or other price risk of the Issuer entering into and performing its obligations with respect to the Securities and for any reason it cannot obtain such licence or such licence is not renewed or is revoked by the Index Sponsor or the administrator of the Index).

"Inflation Index Sponsor" means the entity specified in the relevant Issue Terms, and, if not specified, the corporation or other entity that, as determined by the Calculation Agent, (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Inflation Index, and (ii) announces (directly or through an agent) the level of such Inflation Index on a regular basis.

"Latest Level" means the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Inflation Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined.

"Level" means (i) the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Inflation Index Sponsor in respect of the Reference Month or (ii) any other price specified as such in the Issue Terms.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, five Business Days.

"Reference Level" means the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

"Reference Month" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced, specified as such in the Issue Terms. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

"Related Bond" means the bond specified as such in the Issue Terms. If the Related Bond is "Fallback Bond", then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Issue Terms as the Related Bond and "Fallback Bond: Not applicable" is specified in the Issue Terms there will be no Related Bond. If a bond is selected as the Related Bond in the Issue Terms and that bond redeems or matures before the Redemption Date, unless "Fallback Bond: Not applicable" is specified in the applicable Issue 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 Issue Terms, at any time prior to the Redemption 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" means, in respect of an Index, a level for such Index, as determined and published by the Index Sponsor, which is relevant for the Securities.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Underlying Valuation Date" means each of the following (a) each Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of an Index, in each case, subject to adjustment in accordance with the Index Linked Conditions.

FUTURE LINKED CONDITIONS

The provisions of these Future Linked Conditions shall apply to Future Linked Securities and Hybrid Securities that include Future Linked Securities as a component part, in accordance with the related elections made in the Issue Terms, in respect of each Underlying which is a Future.

1. Consequences of Disrupted Days

1.1 Postponement

(a) Single Future and Underlying Valuation Dates

Where the Securities relate to a single Future (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Underlying Valuation Date shall be the next following Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day. In that case:

- (i) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) unless the Issue Terms specify "Replacement and cancellation rights" as applicable, the Calculation Agent shall determine its estimate of the relevant level of the Future on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of the Future in accordance with General Condition 12 (*Notices*).

(b) Basket of Underlyings and Underlying Valuation Dates – Individual Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Individual Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of a Basket Component, then the Underlying Valuation Date in respect of the relevant Basket Component shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of the relevant Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of the relevant Basket Component. In that case:

- (i) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for the relevant Basket Component, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) unless the Issue Terms specify "Replacement and cancellation rights" as applicable, the Calculation Agent shall determine its estimate of the relevant level of the relevant Basket Component on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation

Agent shall publish the determined level of the relevant Basket Component in accordance with General Condition 12 (*Notices*).

(c) Basket of Underlyings and Underlying Valuation Dates – Common Postponement of Underlying Valuation Dates

Where the Securities relate to a basket of Underlyings and where 'Underlying Valuation Dates – Adjustments for Disrupted Days' is specified as 'Common Adjustment' in respect of the basket of Underlyings in the Issue Terms (and if the Issue Terms specify that this provision shall apply to one or more particular Underlying Valuation Dates, then this condition shall apply to such Underlying Valuation Dates only), if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day in respect of any Basket Component, then the Underlying Valuation Date in respect of all Basket Components shall be the next following Scheduled Trading Day that is not a Disrupted Day in respect of any Basket Component, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption immediately following the Scheduled Underlying Valuation Date is a Disrupted Day in respect of any Basket Component. In that case:

- (i) the last consecutive Scheduled Trading Day shall be deemed to be the relevant Underlying Valuation Date for all Basket Components, notwithstanding the fact that such day is a Disrupted Day for one or more Futures in the basket (each such Future an "**Affected Future**" in respect of such Underlying Valuation Date);
- (ii) in respect of each Future in the basket that is not an Affected Future, the relevant level shall be determined in accordance with the definition of Level on such last consecutive Scheduled Trading Day; and
- (iii) unless the Issue Terms specify "Replacement and cancellation rights" as applicable, in respect of each Affected Future, the Calculation Agent shall determine its estimate of the relevant level of such Basket Component(s) on that last consecutive Scheduled Trading Day in its reasonable discretion, taking into account the market circumstances prevailing on such day. The Issuer and/or Calculation Agent shall publish the determined level of such Affected Future(s) in accordance with General Condition 12 (*Notices*).

(d) Postponement of consequential dates or Special Circumstance

A Disrupted Day may delay the determination of the price or return of the relevant Future and consequently the calculation of the maturity consideration for the particular Securities or other payment based on the price of the relevant Future that may be payable.

In addition, if prior to the Redemption Valuation Date a Disrupted Day occurs and continues for at least the Maximum Days of Disruption consecutive Scheduled Trading Days, then the Issuer may, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determine that this circumstance shall constitute a Special Circumstance.

1.2 Replacement and cancellation rights

If the Issue Terms specify "Replacement and cancellation rights" as applicable and if the Calculation Agent determines that an Underlying Valuation Date is a Disrupted Day, then the Calculation Agent shall at its reasonable discretion (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) take any of the following actions:

(a) Future Fallback Value

The Calculation Agent shall determine if the Disrupted Day has a material effect on the Securities and, if so shall calculate the relevant amounts and/or make any other relevant calculation using, in lieu of a

published price or level for that Future, as the case may be, the price or level for that Future as determined by the Calculation Agent using the Future Fallback Value.

(b) Substitution

The Calculation Agent may substitute the relevant Future or Future Reference Price with a Future or Future Reference Price, as the case may be, selected by it in accordance with the criteria set out below (each, a "**Substitute Future**" or "**Substitute Future Reference Price**" for each Future or Future Reference Price, as the case may be, (each, an "**Affected Future**" or "**Affected Future Reference Price**", as the case may be), which is affected by the Disrupted Day and the Substitute Future or Substitute Future Reference Price, as the case may be, will be deemed to be a "Future" or "Future Reference Price", as the case may be, for the purposes of the Securities, and the Calculation Agent will make such amendments to the Adjustable Terms as the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determines appropriate to take account of the substitution, provided that in the event that any amount payable under the Securities was to be determined by reference to the initial price of the Future or the Future Reference Price, as the case may be, the initial price or level of each Substitute Future or Substitute Future Reference Price, as the case may be, will be determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results.

In order to be selected as a Substitute Future, the Substitute Future shall be valued on the basis of similar terms to the Affected Future, relating to the same underlying as the Affected Future and, if relevant, with a delivery date corresponding to the Affected Future.

In order to be selected as a Substitute Future Reference Price, the Substitute Future Reference Price shall be a benchmark, price or quotation selected by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, and which in its determination is or will be used by market participants as a substitute for the Affected Future Reference Price.

Such substitution and the relevant adjustment(s) (if any) will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") (acting in good faith and using commercially reasonable procedures to produce commercially reasonable results) which may be the relevant date of the Disrupted Day. Such substitution will be notified to the Securityholders as soon as practicable after the Substitution Date in accordance with General Condition 12 (*Notices*).

2. Early Redemption in Special Circumstances, Illegality or Disruption Event

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

3. Correction of Levels

With the exception of any corrections published after the day which is three Scheduled Trading Days prior to the due date for any payment under the Securities, if the Future Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Future Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Future as so corrected. Corrections published after the day which is three Scheduled Trading Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

Any such determination or adjustment and the date of its first application shall be published in accordance with General Condition 12 (*Notices*).

4. Rolling Futures Contract Securities

The Future Reference Price in respect of the Securities will be valued by reference to rolling futures contracts each of which have delivery months that do not correspond with the term of the Securities. On or prior to the Issue Date, the Calculation Agent will select the relevant futures contract and for each following day until the Futures Rollover Date such future will be the Future for the purposes of the Future Reference Price. On each Futures Rollover Date, the Calculation Agent will select another futures contract and such futures contract shall be the Future for the purposes of the Future Reference Price until the next occurring Futures Rollover Date. If on a Futures Rollover Date a Disrupted Day occurs and it is impossible or materially impracticable for the Calculation Agent to select a futures contract and/or at such time hedge the Issuer's obligations in respect of the Securities then the provisions of Future Linked Condition 1 shall apply to the Securities.

5. Definitions

The following terms and conditions shall have the following meanings in respect of Future Linked Securities, Hybrid Securities that include Future Linked Securities as a component part and each Underlying which is a Future:

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Future, any other component or variable relevant for the determination of the price or return of the relevant Future or the maturity consideration, as specified in the Issue Terms.

"Basket Component" means each Future within a basket of Underlyings.

"Delivery Date" means, in respect of a Future Reference Price, the relevant date or month for delivery of a futures contract selected by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, on the Futures Rollover Date or if none the Issue Date.

"Disappearance of Future Reference Price" means (a) the permanent discontinuation of trading, in the relevant Future on the relevant Exchange or (b) the disappearance or permanent discontinuance or unavailability of a Future Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Future.

"Disrupted Day" means, in respect of a Future, any Scheduled Trading Day on which (a) the Price Source fails to publish the level of the Future, (b) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or (c) on which a Market Disruption Event has occurred.

"Exchange" means, in respect of a Future, the exchange or principal trading market for such Future specified in the applicable Issue Terms or in the Future Reference Price.

"Future" means, in respect of a Future Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the underlying referred to in that Future Reference Price as specified in the Issue Terms.

"Future Fallback Value" means, in respect of any Future, the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Future Reference Price for the relevant Underlying Valuation Date of the relevant Future, provided that if only three such quotations are so provided, the Future Fallback Value shall be the Future Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent; or

"Future Reference Price" means, in respect of any Future, the Level specified in the applicable Issue Terms.

"Futures Rollover Date" means either:

- (a) the date specified as such in the applicable Issue Terms; or
- (b) the date selected by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, within the period ("**Futures Rollover Period**") specified in the applicable Issue Terms.

"Level" means, in respect of a Future and any relevant day, one of the following as specified in the Issue Terms in respect of such Future and such day:

- (a) the high price;
- (b) the low price;
- (c) the average of the high price and the low price;
- (d) the closing price;
- (e) the opening price;
- (f) the bid price;
- (g) the asked price;
- (h) the average of the bid price and the asked price;
- (i) the settlement price;
- (j) the official settlement price;
- (k) the official price
- (l) the morning fixing;
- (m) the afternoon fixing;
- (n) the spot price; or
- (o) the arithmetic average of bid and offer prices at 5.30pm (CET) on the Underlying Valuation Date; or
- (p) any other price specified as such in the Issue Terms.

"Limit Price Event" means that the settlement price of any Future has increased or decreased from the previous day's published settlement price by an amount equal to the maximum amount permitted under the applicable exchange rules for such Future.

"Market Disruption Event" means, in respect of the relevant Future and as determined by the Calculation Agent, the occurrence or existence of a Price Source Disruption, Trading Disruption, Disappearance of Future Reference Price, Limit Price Event, Material Change in Formula, Material Change in Content and/or Tax Disruption.

"Material Change in Content" means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Future.

"Material Change in Formula" means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Future Reference Price.

"Maximum Days of Disruption" means, unless specified otherwise in the Issue Terms, five Scheduled Trading Days.

"Price Source" means, in respect of a Future Reference Price, the price source, providing the relevant price of the Future, specified as such in the Issue Terms.

"Price Source Disruption" means (a) the failure of the Price Source to announce or publish the Future Reference Price (or the information necessary for determining the Future Reference Price) or (b) the temporary or permanent discontinuance or unavailability of the Price Source.

"Reference Dealers" means four leading dealers in the relevant Futures market selected by the Calculation Agent.

"Relevant Level" means, in respect of a Future, a level for such Future which is relevant for the Securities.

"Scheduled Trading Day" means:

- (a) where the Level for the relevant Future is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which each relevant Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its scheduled closing time; or
- (b) a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price for the relevant Future.

"Scheduled Underlying Valuation Date" means, in respect of an Underlying Valuation Date, the original relevant date that, but for the occurrence of an event causing a Disrupted Day, would have been such Underlying Valuation Date.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*), unless modified in these Underlying Specific Conditions.

"Tax Disruption" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Future (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Level on the day that would otherwise be an Underlying Valuation Date from what it would have been without that imposition, change or removal.

"Trading Disruption" means the material suspension of, or the material limitation imposed on, trading in the relevant Future on the Exchange or in any additional futures or options on any Exchange as specified in the applicable Issue Terms. For these purposes:

- (a) a suspension of the trading in the Future on any Scheduled Trading Day shall be deemed to be material only if:
 - (i) all trading in the Future is suspended for the entire Underlying Valuation Date; or
 - (ii) all trading in the Future is suspended subsequent to the opening of trading on the Underlying Valuation Date, trading does not recommence prior to the regularly scheduled close of trading in such Future on such Underlying Valuation Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the relevant Future on any Scheduled Trading Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Future may fluctuate and the closing or settlement price of the relevant Future on such day is at the upper or lower limit of that range.

"Underlying Valuation Date" means each of the following (a) each Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant

date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of a Future, in each case, subject to adjustment in accordance with the Future Linked Conditions.

INTEREST BENCHMARK LINKED CONDITIONS

The provisions of these Interest Benchmark Linked Conditions shall apply to Securities in respect of each Reference Rate or Underlying which is an Interest Benchmark.

1. Definitions

"Adjustable Terms" means each of the Initial Level, the formula for calculation of the return of the relevant Interest Benchmark, any other component or variable relevant for the determination of the price or return of the relevant Interest Benchmark or the maturity consideration, as specified in the Issue Terms.

"Basket Component" means each Interest Benchmark composed within a basket of Underlyings.

"Interest Benchmark" means, subject to adjustment in accordance with the Interest Benchmark Linked Conditions, each interest benchmark specified in the Issue Terms for the Securities either

- (i) based on its published value or
- (ii) based on a certain calculation method using one or more values of a published interest period over a certain period of time,

each as specified in accordance with the terms for Screen Rate Determination or the terms for ISDA Determination specified in the Issue Terms, and related expressions shall be construed accordingly. In particular, any of the following may be an Interest Benchmark:

- (a) EURIBOR;
- (b) SONIA;
- (c) SOFR;
- (d) €STR;
- (e) SARON;
- (f) CMS Rate;
- (g) TEC Rate;
- (h) CMT Rate.

"Level" means, in respect of an Interest Benchmark and any relevant day, (i) the rate or level determined pursuant to the applicable terms for Screen Rate Determination or ISDA Determination specified in the Issue Terms, and subject to an alternative determination set out in these Underlying Linked Conditions, or (ii) any other price specified as such in the Issue Terms.

"Special Circumstance" has the meaning given to that term in General Condition 4.5 (*Early Redemption for Special Circumstance*) of the General Conditions, unless modified in these Underlying Specific Conditions.

"Underlying Valuation Date" means each of the following (a) each Automatic Early Redemption Valuation Date, (b) Coupon Valuation Date and/or Underlying Determination Date, (c) Redemption Valuation Date, (d) Strike Date and (e) each other relevant date on which the Issuer and/or Calculation Agent is required under the Conditions to determine the level of an Index Benchmark, in each case, subject to adjustment in accordance with the Interest Benchmark Linked Conditions.

2. Temporary Non-Availability

2.1 EURIBOR and Reference Banks

These provisions shall apply where the Interest Benchmark is specified as "EURIBOR":

- (a) If no Level appears on the Screen Page at the Relevant Time on the Underlying Valuation Date or, if so required pursuant to the Payout Conditions, fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Underlying Valuation Date, subject as provided below, the Level shall be the arithmetic mean of the levels for the Interest Benchmark which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Underlying Valuation Date, as determined by the Calculation Agent; and
- (b) if paragraph (a) above applies, and the Issuer determines that fewer than two Reference Banks are so quoting levels for the Interest Benchmark, subject as provided below, the Level shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Level) in respect of a Representative Amount of the Specified Currency which at least two out of five leading banks selected by the Issuer in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Issuer (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Level shall be the Level determined on the previous Underlying Valuation Date (after readjustment for any difference between any Margin, Coupon Multiplier or Cap or Floor applicable to the preceding Coupon Period and to the relevant Coupon Period).

2.2 CMS Rate

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using the "CMS Rate":

- (a) If the Screen Page is not available, the applicable Level will be determined by the Calculation Agent in good faith and using commercially reasonable procedures to produce commercially reasonable results.
- (b) If the Screen Page is not available, the Issuer (or an agent appointed by the Issuer) shall request each of the Reference Banks to provide the Issuer (or such agent appointed by the Issuer) with its quotation for the level of the Interest Benchmark at approximately the Relevant Time on the Underlying Determination Date in question. If at least three of the Reference Banks provide the Issuer (or such agent appointed by the Issuer) with such quotation, the Level for such Coupon Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).
- (c) If on any Underlying Valuation Date fewer than three or none of the Reference Banks provides the Issuer (or an agent appointed by the Issuer) with such quotations as provided in the preceding paragraph, the Level shall be determined as at the last preceding Underlying Valuation Date (though substituting, where a different Margin, Coupon Multiplier, Cap and/or Floor is to be applied to the relevant Coupon Period from that which applied to the last preceding Coupon Period, such Margin, Coupon Multiplier, Cap and/or Floor relating to the relevant Coupon Period, in place of that relating to that last preceding Coupon Period).

2.3 SONIA

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using "SONIA":

If in respect of any London Banking Day, the Calculation Agent determines that the SONIA reference rate is not available on the Screen Page or has not otherwise been published by the relevant authorised distributors, the SONIA reference rate shall be:

- (a) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5:00 p.m. (or, if earlier, close of business) on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Business Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
- (b) if the Bank Rate is not published by the Bank of England as set out in subparagraph (a) above on the relevant London Banking Day, the SONIA reference rate published on the Screen Page (or otherwise published by the relevant authorised distributors) for the immediately preceding London Banking Day on which the SONIA reference rate was published on the Screen Page (or otherwise published by the relevant authorised distributors).

Notwithstanding the foregoing, in the event the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA reference rate for purposes of Securities of the relevant Series for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

2.4 SOFR

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using "SOFR":

If SOFR does not appear on the SOFR Administrator's Website at the SOFR Determination Time:

- (a) if both a Benchmark Transition Event (as defined in Interest Benchmark Linked Condition 3.8(b) (*Certain Defined Terms*)) and its related Benchmark Replacement Date (as defined in Interest Benchmark Linked Condition 3.8(b) (*Certain Defined Terms*)) have not occurred, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website; or
- (b) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, then SOFR shall be determined to be the rate determined in accordance with Benchmark Linked Condition 3.8 (*Benchmark Replacement Provisions – Compounded SOFR*).

2.5 €STR

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using "€STR":

Subject to Interest Benchmark Linked Condition 3.9 (*Benchmark Replacement Provisions – €STR reference rate*), if the €STR reference rate does not appear on ECB's Website on a T2 Business Day, unless both an €STR Index Cessation Event and an €STR Index Cessation Effective Date (each as defined below) have occurred, Level shall be a rate equal to level for the Interest Benchmark in respect of the last T2 Business Day for which such Interest Benchmark was published on the ECB's Website.

2.6 SARON

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using "SARON":

Subject to Interest Benchmark Linked Condition 3.10 (*Benchmark Replacement Provisions – SARON Compounded*), if SARON does not so appear on the SARON Administrator Website or is not so published by the Relevant Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred on or prior to such Zurich Banking Day, the Level published

by the SARON Administrator on the SARON Administrator Website for the first preceding Zurich Banking Day on which SARON was published by the SARON Administrator on the SARON Administrator Website.

2.7 SONIA Index

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using "SONIA Index":

If the SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service at the relevant time on any relevant Index Determination Date, the Compounded Daily SONIA rate (Index) for the applicable Coupon Period for which SONIA Compounded Index is not available shall be "**Compounded Daily SONIA**" determined in accordance with Payout Condition 2.9(c) (*Definitions applicable to Screen Rate Determination*) as if Compounded Index Rate is not specified as being applicable in the applicable Issue Terms.

For these purposes, the "Calculation Method" shall be deemed to be "**Compounded Daily Rate**", the Relevant Number specified in the applicable Issue Terms shall be the "Observation Look-back Period" and "Observation Method" shall be deemed to be "Shift" as if Compounded Index Rate is not specified as being applicable and these alternative elections had been made.

2.8 SOFR Index

These provisions shall apply where the Interest Benchmark is specified as, or is calculated using "SOFR Index":

If a SOFR Index value does not so appear at the SOFR Index Determination Time, then:

- (i) if a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, then SOFR Index shall be the rate determined pursuant to the "SOFR Index Unavailable" provisions (defined below); or
- (ii) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, then SOFR Index shall be as determined pursuant to Interest Benchmark Linked Condition 3 (*Permanent Cessation of Benchmarks*).

"**SOFR Index Unavailable**" means if $\text{SOFR Index}_{\text{Start}}$ or $\text{SOFR Index}_{\text{End}}$ is not published on the associated Underlying Determination Date and a Benchmark Transition Event (as defined in Interest Benchmark Linked Condition 3.8(b) (*Certain Defined Terms*)) and its related Benchmark Replacement Date (as defined in Interest Benchmark Linked Condition 3.8(b) (*Certain Defined Terms*)) have not occurred with respect to SOFR, "**Floating Coupon**" means, for the applicable Coupon Period for which such index is not available, the rate of return on a daily compounded interest investment calculated by the Calculation Agent on the relevant Underlying Determination Date in accordance with the formula for SOFR Averages, and the definitions required for such formula, published on the SOFR Administrator's Website. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "SOFR Observation Period" as defined below, and the words "that is, 30-, 90-, or 180-calendar days" shall be removed. If the SOFR_i does not so appear for any day, "i" in the SOFR Observation Period, SOFR_i shall be SOFR published in respect of the preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website;

2.9 General Fallback

In the event that the Level cannot be determined in accordance with the foregoing provisions, but without prejudice to Payout Condition 2 (*Coupon Features*), the Level applicable to the Securities during the relevant Coupon Period will be the Level last determined in relation to the Securities in respect of the last preceding Coupon Period (though substituting, where a different margin or cap or floor, however defined, is to be applied to the relevant Coupon Period from that which applied to the last preceding Coupon Period, the coupon or cap

or floor relating to the relevant Coupon Period, in place of the margin or cap or floor relating to that last preceding Coupon Period).

3. Permanent Cessation of Benchmarks

This Interest Benchmark Linked Condition 3 applies with respect to all Securities in respect of each Underlying which is an Interest Benchmark if and to the extent the Payout Conditions do not provide more specific provisions on benchmark events or index cessations:

If the Calculation Agent determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Level (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall determine a Successor Rate, or if there is no Successor Rate, an Alternative Rate (in accordance with Interest Benchmark Linked Condition 3.1 (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Interest Benchmark Linked Condition 3.2 (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Interest Benchmark Linked Condition 3.3 (*Benchmark Amendments*)).

If the Issuer is unable to make the determination set out in Interest Benchmark Linked Conditions 3.1 (*Successor Rate or Alternative Rate*), 3.2 (*Adjustment Spread*) and 3.3 (*Benchmark Amendments*), the Issuer may make such determinations itself, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, and having such regard as it shall think fit to the foregoing provisions, any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets, and subject always to any Cap and/or Floor (or any equivalent terms for Caps and Floors) specified in the applicable Issue Terms.

3.1 Successor Rate or Alternative Rate

If the Issuer determines that:

- (a) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Interest Benchmark Linked Condition 3.2 (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Level (or the relevant component part(s) thereof) for all future payments of interest on the Securities (subject to the operation of these Interest Benchmark Linked Conditions); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Interest Benchmark Linked Condition 3.2 (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Securities (subject to the operation of these Interest Benchmark Linked Conditions).

3.2 Adjustment Spread

If the Issuer determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

3.3 Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with these Interest Benchmark Linked Conditions and the Issuer acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determines (i) that amendments to the conditions in these Interest Benchmark Linked Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark

Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Interest Benchmark Linked Condition 3.4 (*Notices, etc.*), vary the conditions in Payout Condition 2 (*Coupon Features*) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

No consent of Securityholders shall be required in connection with effecting the relevant Successor Rate or Alternative Rate (as may be applicable) and/or any Benchmark Amendments, or varying the conditions in Payout Condition 2 (*Coupon Features*), to give effect to such changes pursuant to this Interest Benchmark Linked Condition 3, including for the execution of any documents thereto or the taking of any steps by the Issuer or any parties to any relevant documents (if required).

In connection with any such variation in accordance with this Interest Benchmark Linked Condition 3.3, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

3.4 Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Interest Benchmark Linked Condition 3 will be notified promptly by the Issuer to the Calculation Agent and, in accordance with General Condition 12 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Successor Rate or Alternative Rate (as may be applicable), the Adjustment Spread, and/or the Benchmark Amendments, if any.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in the notice will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Calculation Agent, the Paying Agents and the Securityholders.

3.5 Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Interest Benchmark Linked Conditions 3.1 (*Successor Rate or Alternative Rate*), 3.2 (*Adjustment Spread*) and 3.3 (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Interest Benchmark Linked Conditions 3.1 (*Successor Rate or Alternative Rate*) or 3.2 (*Adjustment Spread*) will continue to apply unless and until the Calculation Agent or Securityholders have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Interest Benchmark Linked Condition 3.4.

3.6 Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Level on the immediately following Underlying Valuation Date no Successor Rate or Alternative Rate (as the case may be) is determined pursuant to this Interest Benchmark Linked Condition 3, the Original Reference Rate and the fallback provisions provided for in Interest Benchmark Linked Conditions 3.1 (*Successor Rate or Alternative Rate*) or 3.2 (*Adjustment Spread*) will continue to apply for the purposes of determining such Level on such Underlying Valuation Date.

For the avoidance of doubt, the foregoing paragraph shall apply to the determination of the Level on the relevant Underlying Valuation Date, as the case may be only, and the Level applicable to any subsequent Coupon Period(s), as the case may be is subject to the subsequent operation of, and to adjustment as provided in, this Interest Benchmark Linked Condition 3.

3.7 Definitions

As used in this Interest Benchmark Linked Condition 3:

"**Adjustment Spread**" means either (a) a spread (which may be positive or negative or zero), or (b) the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the

Independent Adviser (if any) and acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Securityholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) if no such formal recommendation has been made in relation to, replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, the Issuer determines, following consultation with the Independent Adviser (if any) and acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (c) if the Issuer determines, following consultation with the Independent Adviser (if any) and acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that no such spread is customarily applied in international debt capital markets under (B) above, the Issuer determines, following consultation with the Independent Adviser (if any) and acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (d) if the Issuer determines that no such spread is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate under (C) above, the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, determines to be appropriate.

"Alternative Rate" means an alternative to the benchmark or screen rate which the Issuer determines in accordance with Payout Condition 2 (*Coupon Features*) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part(s) thereof) for the same interest period and in the same Specified Currency as the Securities.

"Benchmark Event" means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used either generally or in respect of the Securities; or

- (e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or
- (f) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Securityholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011 (as amended from time to time), if applicable),
- (g) provided that the Benchmark Event shall be deemed to occur (i) in the case of sub-paragraphs (b) and (c) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (ii) in the case of sub-paragraph (d) above, on the date of the prohibition of use of the Original Reference Rate and (iii) in the case of sub-paragraph (e) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"Coupon Period" means, in case a specific definition is not used in the Payout Conditions, such period of time relevant for determining a specific Level.

"Original Reference Rate" means either (i) the Interest Benchmark (as applicable) originally specified for the purposes of the Floating Coupon, Reference Price or as Underlying, as applicable, (or any component part(s) thereof, including without limitation, any component mid-swap floating rate leg) or (ii) any Successor Rate or Alternative Rate which replaces the Original Reference Rate pursuant to the operation of this Interest Benchmark Linked Condition 3.

"Relevant Nominating Body" means, in respect of a benchmark and screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark and screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark and screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank, reserve bank, monetary authority or similar institution for the currency to which the benchmark and screen rate (as applicable) relates, (ii) any central bank or similar institution, or other supervisory authority which is responsible for supervising the administrator of the benchmark and screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

"Reset Determination Date" means, in respect of a reset period, (a) each date specified as such in the applicable Issue Terms or, if none is so specified, (b) (i) if the Specified Currency is Sterling or Renminbi, the first Business Day of such reset period, (ii) if the Specified Currency is euro, the day falling two T2 Business Days prior to the first day of such reset period, (iii) if the Specified Currency is U.S. dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such reset period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such reset period.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

3.8 Benchmark Replacement Provisions – Compounded SOFR

This Interest Benchmark Linked Condition 3.8 applies with respect to all Securities with Original Reference Rate used to calculate a coupon or a component thereof where the Calculation Method specified in the Issue Terms is Compounded SOFR.

- (a) Effect of a Benchmark Transition Event

Benchmark Replacement. If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Securities in respect of such determination on such date and all determinations on all subsequent dates.

Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

Decisions and Determinations. Any determination, decision or election that may be made by the Issuer or its designee in consultation with the Issuer pursuant to the Benchmark Replacement Provisions described in this Interest Benchmark Linked Condition 3.8, including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) if made by the Issuer, will be made acting in good faith;
- (ii) if made by the Issuer's designee, will be made after consultation with the Issuer, and the designee will not make any such determination, decision or election to which the Issuer objects on reasonable grounds; and
- (iii) notwithstanding anything to the contrary in the Securities, shall become effective without consent from the Securityholders or any other party.

If a designee of the Issuer does not make any determination, decision or election that it is required to make pursuant to the Benchmark Replacement Provisions described in this Interest Benchmark Linked Condition 3.8, then the Issuer will make that determination, decision or election on the same basis as described above. The designee shall have no liability for not making any such determination, decision or election.

(b) Certain Defined Terms

As used herein for Securities with an Original Reference Rate of Compounded SOFR:

"Benchmark" means, initially, Compounded SOFR, as such term is defined above; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) an alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (iii) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate Securities at such time and (b) the Benchmark Replacement Adjustment.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate securities at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes to Payout Condition 2 (*Coupon Features*) (including the timing and frequency of determining rates and making payments of interest, the rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably practicable).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculations thereof):

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (1) the date of the public statement or publication of information referenced therein and (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

For the avoidance of doubt, for purposes of the definitions of Benchmark Replacement Date and Benchmark Transition Event, references to Benchmark also include any reference rate underlying such Benchmark.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculations thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the

administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"Reference Time" with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Determination Time or the SOFR Index Determination Time, as applicable, and (2) if the Benchmark is not Compounded SOFR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (c) Notices, etc.

The occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date, any Benchmark Replacement, any Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes determined under this Interest Benchmark Linked Condition 3 will be notified promptly by the Issuer to the Calculation Agent and, in accordance with General Condition 12 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Replacement, the Benchmark Replacement Adjustment and/or the Benchmark Replacement Conforming Changes, if any.

In no event shall the Calculation Agent be responsible for choosing any substitute for any Original Reference Rate, or for making any adjustments to any Benchmark Replacement, any Benchmark Replacement Adjustment and/or any Benchmark Replacement Conforming Changes thereon, the Business Day, Underlying Determination Dates, Reset Determination Date or any other relevant methodology for calculating any such Benchmark Replacement, Benchmark Replacement Adjustment or Benchmark Replacement Conforming Changes, or for determining whether any Benchmark Transition Event and its related Benchmark Replacement Date have occurred, even in circumstances

where the Issuer has not made such determinations. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or its designee in compliance with this Interest Benchmark Linked Condition 3.8 and will have no liability in connection with the foregoing or for such actions taken at the direction of the Issuer. At no time shall the Calculation Agent have any responsibility in connection therewith.

3.9 **Benchmark Replacement Provisions – €STR reference rate**

(a) Replacement Rate

- (i) If the €STR reference rate does not appear on a T2 Business Day and both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the rate for each T2 Business Day occurring on or after such €STR Index Cessation Effective Date will be determined as if references to "€STR" were references to the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for €STR by the European Central Bank (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by (i) the European Central Bank (or any successor administrator of €STR) and/or (ii) the European Securities and Markets Authority, in each case for the purpose of recommending a replacement for €STR (which rate may be produced by the European Central Bank or another administrator) (the "**ECB Recommended Rate**"),
- (ii) provided that, if no such rate has been recommended before the end of the first T2 Business Day following the €STR Index Cessation Effective Date, then the rate for each T2 Business Day occurring on or after such €STR Index Cessation Effective Date will be determined as if references to €STR were references to the Eurosystem Deposit Facility Rate, the rate on the deposit facility that banks may use to make overnight deposits with the Eurosystem, as published on the ECB's Website (the "**EDFR**") on such T2 Business Day plus the arithmetic mean of the daily difference between the €STR reference rate and the EDFR over an observation period of 30 T2 Business Days starting 30 T2 Business Days prior to the date on which the €STR Index Cessation Event occurs and ending on the T2 Business Day immediately preceding the day on which the €STR Index Cessation Event occurs (the "**EDFR Spread**");
- (iii) provided further that, if both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date subsequently occur, then the rate for each T2 Business Day occurring on or after that ECB Recommended Rate Index Cessation Effective Date will be determined as if references to "€STR" were references to the EDFR on such T2 Business Day plus the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR over an observation period of 30 T2 Business Days starting 30 T2 Business Days prior to the date on which the €STR Index Cessation Event occurs and ending on the T2 Business Day immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurs.

In case an €STR Index Cessation Event and an €STR Index Cessation Effective Date occur, the Issuer will promptly notify the Securityholders in accordance with General Condition 12 (*Notices*) and the Calculation Agent thereof and of the action taken according to the foregoing provisions.

In the event that the Level cannot be determined in accordance with the foregoing provisions, but without prejudice to this Interest Benchmark Linked Condition 3, (i) the Level applicable to the Securities during such Coupon Period will be the Level last determined in relation to the Securities in respect of the last preceding Coupon Period (though substituting, where a different margin or cap or floor, however defined, is to be applied to the relevant Coupon Period from that which applied to the last preceding Coupon Period, the margin or cap or floor relating to the relevant Coupon Period, in place of the margin or cap or floor relating to that last preceding Coupon Period) or (ii) if there is no such preceding Underlying Determination Date, the Level shall be determined as if references to €STR for each T2 Business Day in the relevant Coupon Period occurring on or after the €STR Index

Cessation Effective Date were references to the latest published ECB Recommended Rate or, if the EDFR is published on a later date than the latest published ECB Recommended Rate, the latest published EDFR plus the EDFR Spread. If an €STR Index Cessation Event and an €STR Index Cessation Effective Date occurs, the Issuer will promptly notify the Calculation Agent of such occurrence and of the action taken according to the foregoing provisions.

(b) Certain Defined Terms

ECB Recommended Rate Index Cessation Event" means the occurrence of one or more of the following events:

- (A) a public statement or publication of information by or on behalf of the administrator of the ECB Recommended Rate announcing that it has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide the ECB Recommended Rate; or
- (B) a public statement or the publication of information by the regulatory supervisor for the administrator of the ECB Recommended Rate, the central bank for the currency of the ECB Recommended Rate, an insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to provide the ECB Recommended Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the ECB Recommended Rate;

"ECB Recommended Rate Index Cessation Effective Date" means, in respect of an ECB Recommended Rate Index Cessation Event, the first date on which the ECB Recommended Rate would ordinarily have been provided and is no longer provided;

"€STR Index Cessation Event" means the occurrence of one or more of the following events:

- (a) a public statement or publication of information by or on behalf of the administrator of €STR announcing that it has ceased or will cease to provide €STR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to provide €STR; or
- (b) a public statement or the publication of information by the regulatory supervisor for the administrator of €STR, the central bank for the currency of €STR, an insolvency official with jurisdiction over the administrator of €STR, a resolution authority with jurisdiction over the administrator of €STR or a court or an entity with similar insolvency or resolution authority over the administrator of €STR, which states that the administrator of €STR has ceased or will cease to provide €STR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide €STR;

"€STR Index Cessation Effective Date" means, in respect of an €STR Index Cessation Event, the first date on which €STR would ordinarily have been provided and is no longer provided;

3.10 Benchmark Replacement Provisions – SARON Compounded

This Interest Benchmark Linked Condition 3.10 applies with respect to all Structured Securities with Original Reference Rate used to calculate a Rate of Interest or a component thereof where the Original Reference Rate is SARON Compounded.

(a) Replacement Rate

If SARON does not so appear on the SARON Administrator Website or is not so published by the Relevant Time on such Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have both occurred on or prior to such Zurich Banking Day:

- (i) the rate resulting from calculating SARON for such Zurich Banking Day in accordance with the foregoing provisions as if the reference to SARON in such definition were a reference to the Recommended Replacement Rate, giving effect to the Recommended Adjustment Spread, if any; or
- (ii) if there is no Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the "**SNB Policy Rate**") for such Zurich Banking Day, giving effect to the SNB Adjustment Spread, if any.

Any substitution of the SARON rate by the Recommended Replacement Rate or the SNB Policy Rate as specified above will remain effective for the remaining term to maturity of such Securities.

Notwithstanding the above, if the provisions of this paragraph (a) fail to provide a means of determining the Level, Interest Benchmark Linked Condition 3.6 (*Fallbacks*) shall apply.

(b) SARON Benchmark Amendments

If the Issuer (i) is required to use a Recommended Replacement Rate or the SNB Policy Rate pursuant to the definition of "SARON" for purposes of determining SARON for any Zurich Banking Day, and (ii) determines that any changes to the definitions of Business Day, Day Count Fraction, Underlying Determination Date, Coupon Period, SARON Observation Period, Relevant Time, SARON, SARON Administrator, SARON Administrator Website or Zurich Business Day or any other amendments to the Conditions and/or the Agency Agreement (collectively, the "**SARON Benchmark Amendments**") are necessary in order to use such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, for such purposes, then the Issuer shall, subject to giving notice thereof as specified below, vary these Conditions and/or the Agency Agreement to give effect to such SARON Benchmark Amendments with effect from the date specified in such notice.

No consent or approval of Securityholders shall be required in connection with effecting the Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, and/or any SARON Benchmark Amendments, or varying these Conditions and/or the Agency Agreement to give effect to such changes pursuant to these provisions, including the execution of any documents or the taking of any steps by the Issuer or any parties to any relevant documents (if required).

In connection with any such variation in accordance with these provisions, the Issuer shall comply with the rules of any stock exchange on which the relevant Securities are at that time listed or admitted to trading.

(c) Notices, etc.

The occurrence of a SARON Index Cessation Event and SARON Index Cessation Effective Date any Recommended Replacement Rate, Recommended Adjustment Spread or SNB Adjustment Spread, and the specific terms of any SARON Benchmark Amendments, determined under these provisions will be notified promptly by the Issuer to the Calculation Agent and, in accordance with General Condition 12 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date(s) for such and for the Recommended Replacement Rate, Recommended Adjustment Spread or SNB Adjustment Spread, SARON Benchmark Amendments, if any.

The Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, specified in the notice will (in the absence of manifest error or bad faith in the determination of the Recommended Replacement Rate (and any

Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread), as the case may be, and the SARON Benchmark Amendments (if any)) be binding on the Issuer, the Calculation Agent, the Paying Agents and the Securityholders.

(d) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under this Interest Benchmark Linked Condition 3.10, the Original Reference Rate and the fallback provision in Interest Benchmark Linked Condition 2.6 (SARON) will continue to apply unless and until the Calculation Agent has been notified of the Recommended Replacement Rate and any Recommended Adjustment Spread or SNB Adjustment Spread (if applicable) and the SARON Benchmark Amendments, in accordance with Interest Benchmark Linked Condition 3.10(b).

(e) Fallbacks

If, following the occurrence of a SARON Index Cessation Event and a SARON Index Cessation Event Effective Date and in relation to the determination of the Rate of Interest on the immediately following Underlying Determination Date or Reset Determination Date, as the case may be, no Recommended Replacement Rate is determined pursuant to this Interest Benchmark Linked Condition 3.10, the Original Reference Rate and the fallback provisions provided for in Interest Benchmark Linked Condition 2.6 (SARON) will continue to apply for the purposes of determining such Rate of Interest on such Underlying Determination Date or Reset Determination Date, as the case may be.

For the avoidance of doubt, the foregoing paragraph shall apply to the determination of the Rate of Interest on the relevant Underlying Determination Date or Reset Determination Date, as the case may be only, and the Rate of Interest applicable to any subsequent Coupon Period(s) or reset periods, as the case may be, is subject to the subsequent operation of, and to adjustment as provided in, this Interest Benchmark Linked Condition 3.10.

(f) Definitions

As used in this Interest Benchmark Linked Condition 3.10:

"Recommended Replacement Rate" means the rate that has been recommended as the replacement for SARON by any working group or committee in Switzerland organised in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland (any such working group or committee, the **"Recommending Body"**);

"Recommended Adjustment Spread" means, with respect to any Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread,

- (i) that the Recommending Body has recommended be applied to such Recommended Replacement Rate in the case of fixed income securities with respect to which such Recommended Replacement Rate has replaced SARON as the reference rate for the purposes of determining the applicable rate of interest thereon; or
- (ii) if the Recommending Body has not recommended such a spread, formula or methodology as described in (a) above, to be applied to such Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Securityholders as a result of the replacement of SARON with such Recommended Replacement Rate for purposes of determining SARON, which spread will be determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, and be consistent with industry-accepted practices for fixed income securities with respect to which

such Recommended Replacement Rate has replaced SARON as the reference rate for purposes of determining the applicable rate of interest thereon;

"SARON Administrator" has the meaning specified in Payout Condition 2.9(j);

"SARON Administrator Website" has the meaning specified in Payout Condition 2.9(j);

"SARON Index Cessation Event" means the occurrence of one or more of the following events:

- (i) public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide SARON permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide SARON; or
- (ii) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) SARON is no longer representative or will as of a certain date no longer be representative, or (y) SARON may no longer be used after a certain date, which statement, in the case of subclause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives.

"SARON Index Cessation Effective Date" means, in respect of a SARON Index Cessation Event, the earliest of:

- (i) (in the case of a SARON Index Cessation Event described in clause (i) of the definition thereof) the date on which the SARON Administrator ceases to provide SARON;
- (ii) (in the case of a SARON Index Cessation Event described in clause (ii)(x) of the definition thereof) the latest of:
 - (A) the date of such statement or publication;
 - (B) the date, if any, specified in such statement or publication as the date on which SARON will no longer be representative; and
 - (C) if a SARON Cessation Event described in clause (ii)(y) of the definition of SARON Index Cessation Event has occurred on or prior to either or both dates specified in subclauses (A) and (B) of this clause (ii), the date as of which SARON may no longer be used; and
- (iii) (in the case of a SARON Index Cessation Event described in clause (ii)(y) of the definition thereof) the date as of which SARON may no longer be used.

"SNB Adjustment Spread" means, with respect to the SNB Policy Rate, the spread to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Securityholders as a result of the replacement of SARON with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Calculation Agent, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, taking into account the historical median of SARON and the SNB Policy Rate during the two-year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred).

4. Early Redemption for Administrator/Benchmark Event

These provisions shall apply to Securities in respect of each Underlying which is an Interest Benchmark:

Where Early Redemption Amount(s) per Notional Amount payable on redemption for an Administrator/Benchmark Event is specified as being "applicable" in the applicable Issue Terms, in the event of an Administrator/Benchmark Event, the Issuer may (at its option and acting in good faith):

- (g) instruct the Calculation Agent to make such adjustment(s) to the Adjustable Terms and the Interest Benchmark of the Securities as it may determine appropriate in its reasonable discretion to account for the relevant event or circumstance and, without limitation, such adjustment(s) may include selecting a successor benchmark(s) and making related adjustment(s) to the terms of the Securities including where applicable to reflect any increased costs of the Issuer providing exposure to the successor benchmark(s) and, in the case of more than one successor benchmark, making provision for allocation of exposure as between the successor benchmarks; or, if the Calculation Agent determines, acting in good faith and using commercially reasonable procedures to produce commercially reasonable results, that such an adjustment would violate the principles of good faith or would result in adjustments of the Securities contrary to the principle to preserve the economic equivalent of the obligations of the Issuer under the Securities,
- (h) having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Issue Terms to Securityholders in accordance with General Condition 12 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Securities, each Security being redeemed at the Early Redemption Amount and no further interest (if applicable) will be payable since the immediately preceding Coupon Payment Date or, if none, the Issue Date. In respect of Bail-inable Securities, where the redemption would lead to a breach of the Issuer's TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

For the avoidance of doubt, the above is additional, and without prejudice, to any other terms of the Securities. In the event that under any such terms any other consequences could apply in relation to an event or occurrence the subject of an Administrator/Benchmark Event, the Issuer shall determine which terms shall apply in its reasonable discretion.

The Issuer shall give notice as soon as practicable to Securityholders in accordance with General Condition 12 (*Notices*) of any adjustment(s) made pursuant to paragraph (i) above, provided that any failure to give, or non-receipt of, such notice shall not affect the validity of such adjustment(s).

For the purposes of this Interest Benchmark Linked Condition 4:

"Administrator/Benchmark Event" means, in relation to any Benchmark, the occurrence of a Benchmark Modification or Cessation Event, a Non-Approval Event, a Rejection Event, a Suspension/Withdrawal Event or a Non-Representative Event, all as determined by the Calculation Agent.

"Benchmark" means any figure, level, rate or value by reference to which any amount payable or deliverable under the Securities, or the value of the Securities, is determined in whole or in part, including, without limitation, any benchmark as defined in the BMR, all as determined by the Calculation Agent.

"Benchmark Modification or Cessation Event" means, in respect of the Benchmark, any of the following has occurred or will occur:

- (i) any material change in such Benchmark;
- (ii) the permanent or indefinite cancellation or cessation in the provision of such Benchmark; or
- (iii) a regulator or other official sector entity prohibits the use of such Benchmark.

"BMR" means the EU Benchmarks Regulation (Regulation (EU) 2016/1011) or any United Kingdom "on-shored" version thereof where applicable, in each case as amended from time to time.

"Non-Approval Event" means, in respect of the Benchmark:

- (i) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Benchmark or the administrator or sponsor of the Benchmark has not been or will not be obtained;
- (ii) the Benchmark or the administrator or sponsor of the Benchmark has not been or will not be included in an official register; or
- (iii) the Benchmark or the administrator or sponsor of the Benchmark does not or will not fulfil any legal or regulatory requirement applicable to the Securities, the Issuer, the Calculation Agent or the Benchmark,

in each case, as is or will be required under any applicable law or regulation in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Securities.

"Non-Representative Event" means, in respect of the Benchmark, an official announcement by the supervisor of the administrator and/or sponsor of the Benchmark that the Benchmark is no longer or, as of a specified future date will no longer be, representative of any relevant underlying market(s).

"Rejection Event" means, in respect of the Benchmark, the relevant competent authority or other relevant official body rejects or refuses or will reject or refuse any application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register which, in each case, is or will be required in relation to the Securities, the Benchmark or the administrator or sponsor of the Benchmark under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Securities.

"Suspension/Withdrawal Event" means, in respect of the Benchmark:

- (i) the relevant competent authority or other relevant official body suspends or withdraws or will suspend or withdraw any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Benchmark or the administrator or sponsor of the Benchmark which is or will be required under any applicable law or regulation in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Securities; or
- (ii) the Benchmark or the administrator or sponsor of the Benchmark is or will be removed from any official register where inclusion in such register is or will be required under any applicable law in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Securities.

5. Early Redemption in Special Circumstances, Illegality or Disruption Event

These provisions shall apply to Securities in respect of each Underlying which is an Interest Benchmark:

In the event of a Special Circumstance, Illegality, Disruption Event or events that may be deemed or treated as a Special Circumstance, unless any of such events are specified as 'Not Applicable' in the Issue Terms, the Issuer may redeem the Securities by giving not less than fifteen (15) nor more than thirty (30) Business Days' irrevocable notice in accordance with General Condition 12 (*Notices*), in which case the Issuer shall redeem the Securities and cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Redemption Amount. The termination shall become valid on the day of the notice in accordance with General Condition 12 (*Notices*).

FORM OF FINAL TERMS / PRICING SUPPLEMENT

The Final Terms in relation to each issuance of Securities (other than Exempt Securities) or the Pricing Supplement in relation to each issuance of Exempt Securities will include such of the following information as is applicable with respect to such Securities. The CSSF has neither approved nor reviewed the Form of Pricing Supplement or the information contained therein. In addition, the CSSF and the FCA have neither approved nor reviewed any information in relation to the Exempt Securities.

[NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 (AS AMENDED OR SUPERSEDED) FOR THE ISSUE OF SECURITIES DESCRIBED BELOW.]⁴

[NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 AS IT FORMS PART OF THE UNITED KINGDOM (THE "UK") DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED, THE "UK PROSPECTUS REGULATION") FOR THE ISSUE OF SECURITIES DESCRIBED BELOW AND THE TERMS OF SUCH SECURITIES ARE SET OUT IN A PRICING SUPPLEMENT THAT IS EXEMPT FROM THE REQUIREMENTS OF THE UK PROSPECTUS REGULATION. THE UK FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT].⁵

[MiFID II PRODUCT GOVERNANCE / TARGET MARKET - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the Financial Conduct Authority (the "FCA") Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "UK distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [MiFID II / Directive 2014/65/EU (as amended, "MiFID II")]; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. Notwithstanding the above paragraph, in the case

⁴ Legend to be included for Exempt Securities only.

⁵ Legend to be included for ISM Securities only.

where the Final Terms in respect of any Securities include a legend entitled "Prohibition of Sales to EEA Retail Investors" but where the Issuer subsequently prepares and publishes a key information document under the EU PRIIPs Regulation in respect of such Securities, then following such publication, the prohibition on the offering, sale or otherwise making available the Securities to a retail investor in the EEA as described in the above paragraph and in such legend shall no longer apply in relation to any member state whose requirements for a key information document in relation to the relevant Securities have been satisfied.]]⁶

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law of the UK by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. Notwithstanding the above paragraph, in the case where the Final Terms in respect of any Securities include a legend entitled "Prohibition of Sales to UK Retail Investors" but where the Issuer subsequently prepares and publishes a key information document under the UK PRIIPs Regulation in respect of such Securities, then following such publication, the prohibition on the offering, sale or otherwise making available the Securities to a retail investor in the United Kingdom as described in the above paragraph and in such legend shall no longer apply.]]⁷

[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE, as modified or amended from time to time (the "SFA") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined the classification of the Securities as [prescribed capital market products]/[capital market products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]]⁸⁹

[THESE SECURITIES ARE SUBJECT TO CONVERSION IN WHOLE OR IN PART – BY MEANS OF A TRANSACTION OR SERIES OF TRANSACTIONS AND IN ONE OR MORE STEPS – INTO COMMON SHARES OF NATIONAL BANK OF CANADA OR ANY OF ITS AFFILIATES UNDER SUBSECTION 39.2(2.3) OF THE CANADA DEPOSIT INSURANCE CORPORATION ACT ("CDIC ACT") AND TO VARIATION OR EXTINGUISHMENT IN CONSEQUENCE AND SUBJECT TO THE APPLICATION OF THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN IN RESPECT OF THE OPERATION OF THE CDIC ACT WITH RESPECT TO THE SECURITIES.]

⁶ Legend to be included on front of the Final Terms or Pricing Supplement if the Securities potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

⁷ Legend to be included on front of the Final Terms or Pricing Supplement if the Securities potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

⁸ Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

⁹ Delete from unless selling restrictions are amended to allow offers in Singapore to other than institutional and accredited investors only.

[Final Terms][Pricing Supplement] dated []



NATIONAL BANK OF CANADA

(A bank governed by the Bank Act (Canada))

(LEI: BSGEFEIOM18Y80CKCV46)

acting through its
Montréal Branch

(the "Bank" or the "Issuer")

**Issue of [up to] [Aggregate Notional Amount of Series] [Title of Securities]
(the "Securities") under the European Issuance and Offering Programme for the issuance of
Structured Securities**

[Insert in case of Final Terms:

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 June 2025 [and the supplement(s) to it dated [] which [together] constitute[s] a base prospectus] the "**Base Prospectus**") for the purposes of the Prospectus Regulation. As used herein, "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended). This document constitutes the Final Terms of the Securities described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange at www.luxse.com.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an earlier base prospectus:]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated [24 June 2024] / [5 July 2023], as supplemented, which is incorporated by reference in the prospectus dated 18 June 2025 [and the supplement[s] to it dated [] (the "**Base Prospectus**") which [together] constitute[s] a base prospectus for the purposes of [Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"))][the Prospectus Regulation]. This document constitutes the Final Terms of the Securities described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus, save in respect of the Conditions which are extracted from the prospectus dated [24 June 2024] / [5 July 2023]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange at www.luxse.com.]

[Include in case "Swiss Non-Exempt Public Offer" is specified as "Yes":

The Securities do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes ("CISA") and are not subject to authorisation or supervision by the Swiss Financial Market Supervisory Authority FINMA. Accordingly, investors do not have the benefit of the specific investor protection provided under the CISA and are exposed to the credit risk of the Issuer (if applicable).]¹⁰

[Insert in case of a continued public offer:

Continuation of the public offer:

The last day of validity of the Base Prospectus is 18 June 2026 (the "Expiry Date"). Subject to its approval, the Issuer intends to publish a succeeding base prospectus (the "Succeeding Base Prospectus") no later than the Expiry Date on <https://nbcstructuredolutions.ca/european-notes/>. Such Succeeding Base Prospectus, if approved, will also be available on the Luxembourg Stock Exchange website (www.luxse.com).

The Base Prospectus is valid until the Expiry Date in accordance with Article 12 of the Prospectus Regulation. Following the Expiry Date, the Issuer intends to continue the public offer until the end of the Offer Period (as defined in paragraph 11(d) of Part B of the Final Terms) on the basis of a Succeeding Base Prospectus in accordance with Article 8 paragraph (11) of the Prospectus Regulation, to the extent such Succeeding Base Prospectus is approved and envisages a continuation of the public offer of the Securities. In this context, these Final Terms are to be read in conjunction with such Succeeding Base Prospectus.

[Insert in case of Final Terms if a summary is required:

A summary of the issue is annexed to these Final Terms.]

[Insert in case of Pricing Supplement:

Any person making or intending to make an offer of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation [or section 85 of the Financial Services and Markets Act 2000 (as amended, the "FSMA")] or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, [or the ISM Rulebook, as applicable,] in each case, in relation to such offer. As used herein, "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended).

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 18 June 2025 [and the supplement[s] to it dated [] which [together] constitute[s] a base prospectus] (the "**Base Prospectus**") [which constitutes admission particulars for the purposes of the ISM Rulebook of the London Stock Exchange]. This document constitutes the Pricing Supplement of the Securities described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. References in the Conditions to "Final Terms" shall be deemed to be references to this Pricing Supplement.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the

¹⁰ To be included in case of a "Swiss Non-Exempt Public Offer" (i.e. a public offer to retail investors in Switzerland), Final Terms need to be prepared and filed with the SIX Prospectus Offer at the time of the public offer once the terms are fixed and the Final Terms need to be published on the website of the Issuer (a "Swiss Non-Exempt Public Offer" must not be made on the basis of a Pricing Supplement).

sub-paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]

PART A – CONTRACTUAL TERMS

GENERAL CONDITIONS OF THE SECURITIES

1. [(i)] Series Number: []

- [(ii)] Tranche Number: []

- [(iii)] Date on which the Securities will be consolidated and form a single Series: [Not Applicable] [The Securities shall be consolidated, form a single series and be interchangeable for trading purposes with the [] on []/the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph 3 below [which is expected to occur on or about []]].]

2. **Form of Securities:** **[Materialised Securities]**
 (General Condition 1 (*Form, Denomination and Title of the Securities*))
 [Bearer Securities:
 [Temporary Global Security exchangeable on or after [] for a Permanent Global Security which is exchangeable for Definitive Bearer Securities on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Security]
 [Temporary Global Security exchangeable on or after [] for Definitive Securities on or after []]
 [Exchangeable Bearer Security exchangeable for Registered Securities in [specify global or definitive form]]
 [Permanent Global Security exchangeable for Definitive Securities on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Security]]
 [Registered Securities:
 [Global Registered Security registered in the name of a nominee for a Common Depositary for Clearstream, Luxembourg, Euroclear and/or Euroclear France S.A. exchangeable for individual Registered Securities in the limited circumstances specified in the Global Registered Security]
 [Individual Registered Securities]]
[Dematerialised Securities]
 [Specify whether bearer form (*au porteur*) / registered form (*au nominatif*)]

3. **Trade Date:** []

4. **[Settlement][Specified] Currency or Currencies:** []

(General Condition 1 (*Form, Denomination and Title of the Securities*))
5. **Aggregate Notional Amount (of Series):** [up to] [] [The Aggregate Notional Amount will be determined by the Issuer in its reasonable discretion after the end of the subscription period and will be published without undue delay on its website.]

(General Condition 1 (*Form, Denomination and Title of the Securities*))
6. **Specified Denomination or Unit Price:** [[] [and integral multiples of [] in excess thereof up to and including []. No Securities in definitive form will be issued with a denomination above [].]] /

[[] per [unit of the Security]]

(General Condition 1 (*Form, Denomination and Title of the Securities*))
7. **Notional Amount (per Security):** []

(General Condition 1 (*Form, Denomination and Title of the Securities*))
8. **Number of Securities:** []

(General Condition 1 (*Form, Denomination and Title of the Securities*))
9. **Bail-inable Securities:** [Yes] [No]

(General Condition 3.2 (*Bail-inable Securities*))
10. **Physical Delivery:** [Applicable] [Not Applicable]

(General Condition 4.1 (*Final Redemption and Delivery*))

(Delete following lines if not applicable)

Calculation Amount: [●] [Not Applicable]

Conversion Ratio: [Specified Amount] [Calculated Amount – Bullish Securities] [Calculated Amount – Bearish Securities] [●] [Not Applicable]

Corresponding Redemption Amount: [●] / [an amount determined by the Calculation Agent as being equal to the amount of cash that would otherwise have been paid as the Redemption Amount for such Security in accordance with [the relevant Redemption Feature] / [Downside Feature] / [the Calculation Amount]]

Delivery Date: [Redemption Date] [●] [Not Applicable]

Deliverable Underlying: [Underlying] [Best Performing Underlying] [Worst Performing Underlying] [●] [Not Applicable]

Physical Delivery Amount: [As per the definition in Payout Condition 1 (*General Definitions*)] [●]

Residual Cash Amount:	[As per the definition in Payout Condition 1 (<i>General Definitions</i>)] [☐] [Not Applicable]
Physical Settlement Cut-off Date:	[☐]
FX Conversion:	[Applicable] [Not Applicable]
Settlement Disruption Date:	[Not Applicable] [The [fifth][☐] Relevant Settlement Date.][☐]
Settlement Fixing Level:	[As per the definition in Payout Condition 1 (<i>General Definitions</i>)] [☐] [Not Applicable]
Settlement Initial Level:	[☐] [Not Applicable]
Settlement FX Exchange Rate Valuation Time:	[☐] [Not Applicable]
Settlement FX Fixing Date:	[☐] [Not Applicable]
Settlement FX Rate:	[The price source for fixing the Settlement FX Rate in accordance with Payout Condition 1 (<i>General Definitions</i>) is [☐].] [☐] [Not Applicable]
Reference Asset Transfer Notice:	[Applicable] [Not Applicable]
Non-U.S. Certification:	[Applicable] [Not Applicable]
Eligible Investor Certification:	[Applicable] [Not Applicable]
Equity Certification:	[Applicable] [Not Applicable]
Variation of Settlement:	[Applicable] [Not Applicable]
	[Delete following lines if not applicable]
Issuer's option to vary settlement:	The Issuer [has/does not have] the option to vary settlement in respect of the Securities.
Variation of Physical Delivery of Securities:	[Notwithstanding the fact that Physical Delivery applies, the Issuer may make payment of the applicable redemption amount on the Redemption Date and the provisions of Condition 4(1)(d) will apply to the Securities./The Issuer will procure delivery of the Physical Delivery Amount in respect of the Securities and the provisions of Condition 4(1)(d) will not apply to the Securities.]
11. Early Redemption for Taxation Reasons: (General Condition 4.2 (<i>Early Redemption for Taxation Reasons</i>))	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
12. Early Redemption for Illegality: (General Condition 4.3 (<i>Early Redemption for Illegality</i>))	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Minimum Period:	[] days
(ii) Maximum Period:	[] days

13. **Early Redemption for a Disruption Event:** [Applicable] [Not Applicable]
 (General Condition 4.4 (*Early Redemption for a Disruption Event*))
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [(i) Minimum Period: [] days
 (ii) Maximum Period: [] days
 [(iii) Trade Date: []]
 [Disruption Event: [Hedging Disruption] / [Increased Cost of Hedging]]
14. **Early Redemption for Special Circumstance:** [Applicable] [Not Applicable]
 (General Condition 4.5 (*Early Redemption for Special Circumstance*))
 [Further events or circumstances which shall not be considered a Special Circumstance:]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [(i) Minimum Period: [] days
 (ii) Maximum Period: [] days]
15. **Early Redemption Amount:**
 (General Condition 4.8 (*Cancellation*))
 Early Redemption Amount(s) per Notional Amount payable on redemption for [taxation reasons][, TLAC Disqualification Event][, for illegality] [, for a Disruption Event] [, for Special Circumstance][, for an Administrator/Benchmark Event] or on Event of Default or other early redemption: [Applicable][Not Applicable]
16. **Issue Date:** []
17. **Financial Centre(s):** [] [T2] [Not Applicable]
 (General Condition 5.8 (*Non-business days*))
18. **[Representation of holders of Dematerialised Securities - Masse:** [Name and address of the Representative: [•]]
 (General Condition 9.2 (*Holders of Dematerialised Securities*)) [Name and address of the alternate Representative: [•]]
 [The Representative will receive a remuneration of €[•] (excluding taxes) per year.]
 [Issue outside France: [Applicable] [Not Applicable]]
19. **Exclusion of the possibility to request identification information of Securityholders as provided for in General Condition 1.2 (*Form and Title of Dematerialised Securities*):** [Applicable] [Not Applicable]

20. **Governing Law:**

(General Condition 15 (*Governing Law*;
Submission to Jurisdiction))

[English law[except that, the provisions of General Condition 3.2 (*Bail-inable Securities*) and the last paragraph of General Condition 15.1 (*Governing Law*) are governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.]

[French law[except that, the provisions of General Condition 3.2 (*Bail-inable Securities*) and the last paragraph of General Condition 15.1 (*Governing Law*) are governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.]

[Laws of the Province of Ontario and the federal laws of Canada]

Each Securityholder or beneficial owner of any Bail-inable Securities is deemed to attorn to the jurisdiction of the Courts of the Province of Ontario with respect to the operation of the CDIC Act and the above laws.¹¹

¹¹ English law Bail-inable Securities must include Ontario law clause and attornment to the jurisdiction of the Ontario courts. Notwithstanding the above, Bail-inable Securities may not be governed by English law unless and until OSFI has approved a form of English law opinion.

PAYOUT CONDITIONS FOR STRUCTURED SECURITIES

(only applicable for Structured Securities and Hybrid Securities that include certain Features of Structured Securities, in accordance with the related elections made in the Issue Terms – delete entire section if Securities are Credit Linked Notes that are not Hybrid Securities)

1. General Definitions

(Payout Condition 1 (General Definitions))

- (i) Additional Business Centre(s): [] [T2] [Not Applicable]
- (ii) Calculation Agent: [[National Bank of Canada](Insert other entity) shall be the Calculation Agent] [Not Applicable]
- (iii) Call, Securityholders Optional Early Redemption and Knock-in Feature: [Applicable] [Not Applicable]
- (iv) Coupon Feature: [Applicable] [Not Applicable]
- (v) Downside Feature: [Applicable] [Not Applicable]
- (vi) Redemption Date: []
- (vii) Product Type: Structured Securities [; Hybrid Securities]
- (viii) Quanto/Compo Feature: [Applicable] [Not Applicable]
- (ix) Redemption Feature: [Applicable] [Not Applicable]
- (x) Relevant Renminbi Settlement Centre: []
- (xi) Underlying Currency: []
- (xii) Underlying Feature: [Applicable] [Not Applicable]
- (xiii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [No Adjustment]
- (xiv) Day Count Fraction: [30/360]
[Actual/365 (Sterling)]
[Actual/360]
[Actual/365]
[Act / Act (ICMA) where the Determination Dates are []]
- (xv) Coupon Commencement Date: []
- (xvi) Coupon Payment Date(s)[, Coupon Period (s)][and Coupon Features]: [Subject to adjustment, for payment purposes only, in accordance with the relevant Business Day Convention:]
[]
[

Coupon Period(s)	Coupon Payment Date(s)	Type of Coupon Features

[]	[]	[]
(Repeat for any additional Coupon Periods)		

]

2. Coupon Features(Payout Condition 2 (*Coupon Features*))**2.1 No Coupon Payments:**

[Applicable] [Not Applicable]

2.2 Structured Coupon Payments:

[Applicable] [Not Applicable]

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

(i) Formula:

[Standard Structured Coupon] [Call Spread] [Range Accrual] [Inflation Linked]

(ii) Barrier₁:

[] [Not Applicable]

(iii) Barrier₂:

[] [Not Applicable]

(iv) Constant₁:

[] [Not Applicable]

(v) Constant₂:

[] [Not Applicable]

(vi) n:

[at][at or above][the respective Range Accrual Floor]
[and] [at][at or below][the respective Range Accrual Cap] [Not Applicable]

(vii) Range Accrual Floor:

[] [Not Applicable]

(viii) Range Accrual Cap:

[] [Not Applicable]

(ix) Range Accrual Rate:

[] [Not Applicable]

(x) relevant Reference Rate/Underlying:

[] [Not Applicable]

(xi) Cap:

[] [Not Applicable]

(xii) Floor:

[] [Not Applicable]

(xiii) Margin:

[] [Not Applicable]

(xiv) Leverage:

[] [Not Applicable]

(xv) Coupon Valuation Date(s):

[] [Not Applicable]

(xvi) Coupon Valuation Period:

[] [Not Applicable]

(xvii) Coupon Amount:

[] [Not Applicable]

(xviii) Set-off Period:

[] [Not Applicable]

(xix) Margin:

[] [Not Applicable]

2.3 Conditional Coupon Payments:

[Applicable] [Not Applicable]

[

[Coupo n Valuatio n Date(s)] [Coupo n Valuatio n Period]:	Condi tional Coupon Barrier and its Coupon Condi tion:	Condi tional Coupon Rate:	Additio nal Condi tional Coupon Barrie and its conditio n:	Coupon Paymen t Date(s):
[]	[] [greater] [lower] than [or equal to]	[]	[Not Applica ble] [] [greater] [lower] than [or equal to]	[]

]

2.4 **Conditional Coupon Payments (with Memory):**

[Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Conditional Coupon Rate: []
- (ii) Conditional Coupon Barrier and its Coupon Condition: [] [greater][lower] than [or equal to]
- (iii) Additional Conditional Coupon Barrie and its condition: [Not Applicable] [] [greater][lower] than [or equal to]
- (iv) Coupon Valuation Date(s): []
- (v) Coupon Valuation Period: []

2.5 **Conditional Coupon Payments (with Lock-in):**

[Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Conditional Coupon Rate: []
- (ii) Conditional Coupon Barrier and its Coupon Condition: [] [greater][lower] than [or equal to]
- (iii) Additional Conditional Coupon Barrie and its condition: [Not Applicable] [] [greater][lower] than [or equal to]
- (iv) Coupon Valuation Date(s): []
- (v) Coupon Valuation Period: []
- (vi) Lock-in Date(s): []
- (vii) Conditional Coupon Lock-in Barrier: []
- (viii) Condition for Lock-in Event: [] [greater][lower] than [or equal to]

Conditional Coupon Payments (with Memory and/or Lock-in):		[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Conditional Coupon Rate:		[]
(ii) Conditional Coupon Barrier and its Coupon Condition:		[] [greater][lower] than [or equal to]
(iii) Additional Conditional Coupon Barrier and its condition:		[Not Applicable] [] [greater][lower] than [or equal to]
(iv) Coupon Valuation Date(s):		[]
(v) Coupon Valuation Period:		[]
(vi) Lock-in Date(s):		[]
(vii) Condition for Lock-in Event:		[] [greater][lower] than [or equal to]
2.6 Fixed Coupon Payments:		[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Fixed Rate:		[]%
(ii) Coupon Payment Date(s):		[]
(iii) Fixed Coupon Amount[(s)]:		[[] per [] Notional Amount] [Not Applicable]
(iv) Broken Amount(s):		[] per Notional Amount, payable on the Coupon Payment Date falling in/on [] [Not Applicable]
2.7 Floating Coupon Payments:		[Applicable] [Not Applicable]
(i) Floating Coupon:		[Screen [] Rate [] Determination][ISDA Determination][CMS-Rate]
(ii) Coupon Margin		[] (Or insert per relevant Floating Coupon Period) [Not Applicable]
(iii) Coupon Multiplier		[] (Or insert per relevant Floating Coupon Period) [Not Applicable]
(iv) Coupon Cap		[] (Or insert per relevant Floating Coupon Period) [Not Applicable]
(v) Coupon Floor		[] (Or insert per relevant Floating Coupon Period) [Not specified]
(vi) Linear Interpolation:		[Applicable][Not Applicable]
(vii) CMS Rate elections:		[Applicable][Not Applicable]
Applicable CMS Formula:		[CMS [] Rate][Leveraged [] CMS [] Rate ([Standard][Floor/Cap])[Steepener [] CMS [] Rate ([Unleveraged][Leveraged])[CMS1010 [] Option 1][CMS1010 Option 2],
Cap:		[] [Not Applicable]
Cap (i):		[] [Not Applicable]

	Cap (ii):	☐ [Not Applicable]
	Floor:	☐ [Not Applicable]
	Floor (i):	☐ [Not Applicable]
	Floor (ii):	☐ [Not Applicable]
	Leverage:	☐ [Not Applicable]
	Margin:	☐ [Not Applicable]
	Margin (i):	☐ [Not Applicable]
	Margin (ii):	☐ [Not Applicable]
	CMS Factor:	☐ [Not Applicable]
	CMS1010 Option 2:	☐ [Not Applicable]
	(viii) Currency Conversion:	☐ [Applicable] ☐ [Not Applicable]
	Manner in which the Rate(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination ¹² as set out in "Underlying Specific Conditions—Interest Benchmark Linked Conditions"] [Zero Coupon]
2.8	Zero Coupon:	☐ [Applicable] ☐ [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	Discounted Notional Amount:	☐ ☐
2.9	Blended Coupon:	☐ [Applicable] ☐ [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Best:	☐ [Applicable] ☐ [Not Applicable]
	(ii) Worst:	☐ [Applicable] ☐ [Not Applicable]
	(iii) Blended Coupon Payment Date:	☐ ☐
	(iv) Potential Coupons:	☐ ☐
	(v) Potential Coupon Weight:	☐ ☐
2.10	Drop-back Coupon:	☐ [Applicable] ☐ [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

¹² Where ISDA Determination is specified as the manner in which the Rate of Interest is to be determined, neither Citibank Europe plc nor any of its affiliates shall be named as calculation agent.

Coupon Valuation Period j	Coupon Valuation Date(s)	Trigger Barrier and its Investment Event Condition and Investment Amount:	Conditional Coupon Rate:	Additional Trigger Barrier and its Investment Event Condition and Investment Amount:	Coupon Payment Date(s):
[1][•]	[]	[] [greater][lower] than [or equal to] []	[]	[Not Applicable] [] [greater][lower] than [or equal to] []	[]
(insert additional lines as required)					

(i) DP Coupon Rate: []

(ii) Equity Amount: []

(ii) Coupon Valuation Start Date: []

3. **Call, Securityholders Optional Early Redemption and Knock-in Features** *(Applies to all Product Types)*

(Payout Condition 3 (Call, Securityholders Optional Early Redemption and Knock-in Features))

3.1 **Automatic Early Redemption:** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

Automatic Early Redemption Valuation Date(s):	Early Redemption Date(s):	Automatic Early Redemption Level:	Condition for Automatic Early Redemption:	Variable Return:
[] [Not Applicable]	[]	[]	[greater than][lower than][or equal to]	[] [Not Applicable]

(Continue table as necessary to set out the relevant data.)

(i) Automatic Early Redemption Valuation Period: [] [Not Applicable]

(ii) Exit Rate: [Equal to the Notional Amount [plus the Fixed Return] [plus the Variable Return] [and any Coupon otherwise due on the applicable Early Redemption Date]] []

(iii) Fixed Return: []

3.2 **Automatic Early Redemption for Target Coupon:** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

<i>Automatic Early Redemption Valuation Date(s):</i>	<i>Early Redemption Date(s):</i>	<i>Coupon Target Level:</i>	<i>Condition for Automatic Early Redemption:</i>	<i>Variable Return:</i>
[] [Not Applicable]	[]	[]	[greater than][lower than][or equal to]	[] [Not Applicable]

(Continue table as necessary to set out the relevant data.)

(i) Automatic Early Redemption Valuation Period: [] [Not Applicable]

(ii) Exit Rate: [Equal to the Notional Amount [and any Interest Amount otherwise due on the applicable Early Redemption Date]] []

3.3 **Issuer Call:** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

Call Payment Date(s): Variable Return:

[] [] [Not Applicable]

(Continue table as necessary to set out the relevant data.)

(i) Call Payment: [Equal to the Notional Amount [plus the Fixed Return] [plus the Variable Return] [and any Coupon otherwise due on the applicable Call Payment Date]] []

(ii) Fixed Return: []

3.4 **Securityholders Optional Early Redemption:** [Applicable] [Not Applicable]

Securityholder Optional Redemption Date(s): [on [] at []]
and respective Securityholder Early Redemption Amount(s): []

Securityholder Optional Redemption Date	Securityholder Early Redemption Amount
[]	[] [100 % of the Notional Amount] [Early Redemption Amount] [plus] [multiplied with] []
(Repeat for each additional Securityholder Optional Redemption Date)	

]

3.5 **Redemption due to TLAC Disqualification Event:** [Applicable] [Not Applicable]

(i) Minimum period of notice: []

(ii) Maximum period of notice: []

- 3.6 **Early Redemption of Zero Coupon Securities:** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [] per cent. per annum
- (ii) Amortisation Yield compounded basis: [[Compound] [Non-compounded]] [[annually] [semi-annually] [other]]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
 [Actual/365 (Sterling)]
 [Actual/360]
 [Actual/365]
 [Act / Act (ICMA) where the Determination Dates are []]

- 3.7 **Knock-in Event:** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Knock-in Observation Method: [Daily Observation] [Continuous Observation] [●] [Not Applicable]

<i>Knock-in Valuation Date:</i>	<i>Knock-in Valuation Time:</i>	<i>Condition for Knock-in Event:</i>	<i>Knock-in Level:</i>	<i>Knock-in Ratio:</i>	<i>Knock-in Payment Date:</i>
[]	[]	[greater than] [greater than or equal to] [lower than] [lower than or equal to]	[]	[]	[]

4. **Quanto and Compo Feature:** [Non-Quanto][Quanto][Compo][Not Applicable]
 (Payout Condition 4 (*Quanto and Compo Features*))
5. **Downside Features** [Applicable] [Not Applicable]
 (Payout Condition 5 (*Downside Features*)) *(If applicable, insert consolidated terms of the Downside Feature, including the relevant variables)*
6. **Underlying Features of Structured Securities** *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
 (Payout Condition 6 (*Underlying Features of Structured Securities*))
- 6.1 **Single Name:** [Applicable] [Not Applicable]
- 6.2 **Weighted Basket:** [Applicable] [Not Applicable] *(If applicable:)* [

Underlying	Weight
[] [Underlying with the [2 nd] [highest] [lowest]]	[]

Performance of the Underlying]	
<i>(Repeat for each additional Underlying)</i>	

]

6.3 **Worst-of:** [Applicable] [Not Applicable]

6.4 **Dividend Yield:** [Applicable] [Not Applicable]

(i) Level of Underlying₁: []

(ii) Level of Underlying_{2; t-i}: []

(iii) Div_{Floor}: []

(iv) Set-off Period: []

6.5 **Alpha:** [Applicable] [Not Applicable]

6.6 **Initial Reference Price and Final Reference Price:**

(i) Initial Reference Price Method: [Single][Averaging][Highest][Lowest]

(ii) Strike Date: []

(iii) Striking Period: []

(iv) Final Reference Price Method: [Single][Averaging][Highest][Lowest]

(v) Redemption Valuation Date: []

(vi) Redemption Valuation Period: []

7. **Redemption Features of Structured Securities** [Applicable] [Not Applicable]

(Payout Condition 7 (Redemption Features of Structured Securities))
(If applicable, insert consolidated terms of the Redemption Feature, including the relevant variables)

PAYOUT CONDITIONS FOR CREDIT LINKED NOTES

(only applicable for Credit Linked Notes (including Hybrid Securities) – delete entire section if Securities are Structured Securities)

1. General Definitions:

- (i) Calculation Agent: [[National Bank of Canada](Insert other entity) shall be the Calculation Agent] [Not Applicable]
- (ii) Trade Date: []
- (iii) Scheduled Redemption Date: []
- (iv) Product Type: Credit Linked Notes [; Hybrid Securities]

2. Type of Credit Linked Notes:

(Specify all that apply)

- (i) Single Name Credit Linked Notes: [Applicable/Not applicable]
- (ii) Nth-to-Default Credit Linked Notes: [Applicable/Not applicable]
(Delete below if not applicable)
[N: [●]]
Multiple Default Triggers: [Applicable/Not applicable]
M: [[●]/Not applicable]
Substitution: [Applicable/Not applicable]
- (iii) Basket Credit Linked Notes: [Applicable/Not applicable]
(Delete below if not applicable)
[Distribution End Date: [●]]
[Distribution Period Redemption/Redemption at Maturity/Distribution Period Event Determination Date Disapplication] applicable.]
- (iv) Tranche CLNs: [Applicable/Not applicable]
(Delete below if not applicable)
[Attachment Point: [●]]
Exhaustion Point: [●]
Incurred Recoveries: [Applicable/Not applicable]
- (v) Index Credit Linked Notes: [Applicable/Not applicable]
- (vi) Combination Credit Linked Notes: [Applicable/Not applicable]
(Delete below if not applicable)
Credit Component 1: [Principal Component/Interest Component/Principal and Interest Component]
(Include if principal and interest have different credit linkage, delete otherwise)
[Component Percentage: [●]%) *(Include if portions of principal and/or interest have different credit linkage)*
- (ii) Combination Credit Linked Notes: Credit Component 2:
(If there are multiple Credit Components, items 2 through 5 are to be completed and inserted for each applicable Credit Component)
- (vii) Credit Linked Interest Only Credit Linked Notes: [Applicable/Not applicable] *(Do not apply for Hybrid Securities, where exclusion of credit linkage is expressed as an Excluded Item)*

(viii) Credit Linked Principal Only Credit Linked Notes:

[Applicable/Not applicable] *(Do not apply for Hybrid Securities, where exclusion of credit linkage is expressed as an Excluded Item)*

3. **Credit Linkage:**

(i) Reference Entity(ies):

[[●]/As specified in the Exhibit to the Issue Terms] *(Delete if Credit Linked Notes are linked to an index of Reference Entities)*

[Index Credit Linked Notes:

Relevant Annex: [●]

Index Sponsor: [●]]

(Include if Credit Linked Notes are linked to an index of Reference Entities)]

Financial Reference Entity Terms:

[Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]

Governmental Intervention:

[Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]

Monoline Provisions:

[Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]

Sovereign No Asset Package

[Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]

(ii) Transaction Type:

[Standard North American Corporate/Standard European Corporate/Standard European Financial Corporate/Standard European CoCo Financial Corporate/Standard European Senior Non-Preferred Financial Corporate/Standard Subordinated European Insurance Corporate/Standard Emerging European Corporate LPN/Standard Emerging European Corporate/Standard Latin American Corporate BL/Standard Australia [Financial] Corporate/Standard New Zealand [Financial] Corporate/Standard Japan [Financial] Corporate/Standard Singapore [Financial] Corporate/Standard Asia [Financial] Corporate/Standard Sukuk Corporate/Standard Western European Sovereign/Standard Latin America Sovereign/Standard Emerging European & Middle Eastern Sovereign/Standard Australia Sovereign/Standard New Zealand Sovereign/Standard Japan Sovereign/Standard Singapore Sovereign/Standard Asia Sovereign/Standard Sukuk Sovereign/Standard U.S. Municipal Full Faith and Credit/Standard U.S. Municipal General Fund/Standard U.S. Municipal Revenue/ETI/ETI Interest/[●]/As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex]

(iii) Seniority Level:

[Senior Level]/[Subordinated Level]/[●]/[Not applicable]

(iv) Reference Entity Notional Amount/Reference Entity Weighting:] *(Specify amount or weighting)*

[[With respect to [●]: *(Delete if single Reference Entity, specify in respect of each entity if multiple Reference Entities)*] [●]/As per the Payout Conditions for Credit Linked Notes /As specified in

(v) Obligation(s):

the Exhibit to the Issue Terms/As specified in the Relevant Annex]

[Applicable/Not applicable]

(Delete below if not applicable)

Obligation Category:

[Payment]

[Borrowed Money]

[Reference Obligation Only]

[Bond]

[Loan]

[Bond or Loan]

[Deliverable]

Obligation Characteristics:

[Not Subordinated]

[Specified Currency: [●] [Standard Specified Currency]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: [●]]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

[Not Bearer]

[Transferable]

[Not Contingent]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Maximum Maturity]

[Accelerated or Matured]

[As specified in the Physical Settlement Matrix in respect of the applicable Transaction Type]

(v) Deliverable Obligation(s):

Deliverable Obligation Category:

[Payment]

[Borrowed Money]

[Reference Obligation Only]

[Bond]

[Loan]

[Bond or Loan]

[Deliverable]

Obligation Characteristics:

[Not Subordinated]

[Specified Currency: [●] [Standard Specified Currency]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: [●]]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

[Not Bearer]

[Transferable]

[Not Contingent]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Maximum Maturity]

[Accelerated or Matured]

(vii) Reference Obligation:

[As specified in the Physical Settlement Matrix in respect of the applicable Transaction Type]
 [Applicable/Not applicable]
(Delete below if not applicable):
 [[Standard] / [Non-Standard] Reference Obligation as of the date of Issue Terms:] *(Include if SRO is set out in Issue Terms for information)*
 CUSIP/ISIN: [●]
 [[With respect to [●]: *(Delete if single Reference Entity, specify in respect of each entity if multiple Reference Entities)*]:
 Primary Obligor: [●]
 Guarantor: [●]
 Maturity: [●]
 Coupon: [●]
 Original Issue Amount: [●]
 /As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex]

4. **Terms relating to Credit Event Settlement:**

(i) Credit Events:

[Bankruptcy]
 [Failure to Pay]
 [Grace Period Extension [Applicable] [Not Applicable]
 [Grace Period: [●]]
 [Governmental Intervention]
 [Obligation Default]
 [Obligation Acceleration]
 [Repudiation/Moratorium]
 [Restructuring]
 [Provisions relating to Multiple Holder Obligation:
 [Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]]
 [Mod R: [Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]]
 [Mod Mod R: [Applicable [as specified in the Exhibit to the Issue Terms]/Not applicable]]
 Default Requirement:
 [As specified in the definition in Payout Condition 11.1 (*General Definitions*)] [●]
 Payment Requirement:
 [As specified in the definition in Payout Condition 11.1 (*General Definitions*)]
 [As specified in the Physical Settlement Matrix in respect of the applicable Transaction Type] [●]

(ii) Settlement Method:

[Auction Settlement / Cash Settlement / Physical Settlement / Zero Recovery]
 Principal Protection Level: [[●]%/Not applicable]
(May be deleted if principal protection is not applicable)
 [Issuer Election of Specific Auction:
 [Applicable/Not Applicable]]

[Terms relating to Physical Settlement:
 Physical Settlement Period: [●]/As per the Payout Conditions for Credit Linked Notes]

Outstanding Amount and the aggregate Outstanding Amount: [●] and [●]
 Reference Asset Transfer Notice: [Applicable] [Not Applicable]
 Non-U.S. Certification: [Applicable] [Not Applicable]
 Eligible Investor Certification: [Applicable] [Not Applicable]
 Equity Certification: [Applicable] [Not Applicable]

(Include if Physical Settlement applicable as the Settlement Method)

[Fallback Settlement Method: [Cash Settlement/Physical Settlement/Not applicable]

[Terms relating to Cash Settlement:

Final Price: [●]%/As per the Payout Conditions for Credit Linked Notes]

Quotation Amount: [●]/As per the Payout Conditions for Credit Linked Notes]

Minimum Quotation Amount: [●]/As per the Payout Conditions for Credit Linked Notes]

Credit Event Cash Settlement Date: [●]/As per the Payout Conditions for Credit Linked Notes] *(Include if Cash Settlement applicable as the Settlement Method)*

[Include Accrued Interest]

[Exclude Accrued Interest]

[Capped Reference Entity:

[Applicable/Not applicable]]

[Include Accrued Interest]

[Terms relating to Fallback Cash Settlement:

Final Price: [●]%/As per the Payout Conditions for Credit Linked Notes]

Quotation Amount: [●]/As per the Payout Conditions for Credit Linked Notes]

Minimum Quotation Amount: [●]/As per the Payout Conditions for Credit Linked Notes]

Credit Event Cash Settlement Date: [●]/As per the Payout Conditions for Credit Linked Notes]

[Terms relating to Fallback Physical Settlement:

Physical Settlement Period: [●]/As per the Payout Conditions for Credit Linked Notes]

Outstanding Amount and the aggregate Outstanding Amount: [●] and [●]

Reference Asset Transfer Notice: [Applicable] [Not Applicable]

Non-U.S. Certification: [Applicable] [Not Applicable]

Eligible Investor Certification: [Applicable] [Not Applicable]

Equity Certification: [Applicable] [Not Applicable]

(Include if Physical Settlement applicable as the Fallback Settlement Method)

[Applicable/Not applicable]

(iii) Credit Unwind Costs:

- (iv) Settlement at Maturity: [Applicable/Not applicable]
- (v) Settlement Currency: [As per the Payout Conditions for Credit Linked Notes/[●]]
- (vi) Notice of Publicly Available Information: [Applicable/Not applicable]
(Delete below if not applicable)
[Public Source: [●]]

5. **Miscellaneous Credit Terms:**

- (i) CLN Merger Event: [Applicable/Not applicable]
(Delete below if not applicable)
[CLN Merger Event Redemption Date: [●]]
Merger Type: [Reference Entity/Holders Merger]
[Reference Entity/Issuer Merger]
- (ii) Credit Event Backstop Date: [As per the Payout Conditions for Credit Linked Notes/The date that is 60 calendar days prior to the Trade Date/Issue Date/[●]]
- (iii) Credit Observation Period End Date: [Applicable: [●]/Not applicable]
- (iv) CoCo Provision: [Applicable/Not applicable/As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex/ As per the Transaction Type]
(Delete below if not applicable)
[Trigger Percentage: [As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex/As per the Payout Conditions for Credit Linked Notes]]
- (v) LPN Reference Entities: [Applicable/Not applicable/[●]/As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex/As per the Transaction Type]
- (vi) NTCE Provisions: [Applicable/Not applicable/As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex/As per the Transaction Type]
[Where NTCE Provisions are applicable:
[Fallback Discounting: [Applicable/Not applicable/As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex/As per the Transaction Type]]
[Credit Deterioration Requirement: [Applicable/Not applicable/As specified in the Exhibit to the Issue Terms/As specified in the Relevant Annex/As per the Transaction Type]]]
- (vii) Accrual of Interest upon Credit Event: Accrual to [Coupon Payment Date/Coupon Period End Date/Event Determination Date]

Extension Period Interest: [Applicable] [Not Applicable]
(Delete below if not applicable)
Extension Date: [●]
- (viii) Interest following Scheduled Redemption Date: [Deposit Rate/[●]/Not applicable]
- (ix) Hybrid Securities: (Delete below if not applicable)
Event Determination Date Overrides Automatic Early Redemption: [Applicable/Not applicable]
Credit Linked Calculation Basis: [Applicable/Not applicable]

- (x) Bonus Coupon Credit Linked Notes: [Excluded Items: [●]]
(Delete if not applicable)
(Delete below if not applicable)
 [Bonus Coupon Rate: [●]]
 Outstanding Bonus Coupon Rate Method:
 [Standard/Averaging]
 Bonus Coupon Accrual Basis: [Running Basis/Final
 Payment]
 Bonus Coupon Payment Date(s): [[●]/Final
 Settlement Date only]
 Bonus Coupon Day Count Fraction: [●]
 Bonus Coupon Determination Date: [●] [e.g. Two
 Business Days prior to Bonus Coupon Payment
 Date]
 Bonus Coupon Attachment Point: [●]
 Bonus Coupon Exhaustion Point: [●]
 Bonus Coupon Implicit Portfolio Size: [●]]
 [Applicable/Not applicable]
- (xi) Change in Standard Terms and Market
 Conventions:
- (xii) Calculation and Settlement Suspension: [Applicable/Not applicable]
- (xiii) Additional Credit Provisions: [[●]/Not Applicable]
6. **Specific information for CLNs with Fixed
 Coupon Payments:** [Applicable] [Not Applicable]
- (i) Fixed Rate: []%
- (ii) Coupon Payment Date(s): [Subject to adjustment, for payment purposes only, in
 accordance with the relevant Business Day
 Convention:]
 []
- (iii) Additional Business Centre(s): [] [T2] [Not Applicable]
- (iv) Business Day Convention: [Floating Rate Business Day Convention/Following
 Business Day Convention/Modified Following
 Business Day Convention/ Preceding Business Day
 Convention] [No Adjustment]
- (v) Fixed Coupon Amount[(s)]: [[] per [] Outstanding Notional Amount] [Not
 Applicable]
- (vi) Broken Amount(s): [] per Outstanding Notional Amount, payable on the
 Coupon Payment Date falling in/on []
 [Not Applicable]
- (vii) Day Count Fraction: [30/360]
 [Actual/365 (Sterling)]
 [Actual/360]
 [Actual/365]
 [Act / Act (ICMA) where the Determination Dates are
 []]

EXHIBIT/ANNEX FOR CREDIT LINKED NOTES

UNDERLYING SPECIFIC CONDITIONS

(only applicable for Structured Securities and Hybrid Securities that include Features of Structured Securities, in accordance with the related elections made in the Issue Terms – delete entire section if Securities are Credit Linked Notes)

Underlying Table

[i]	[Underlying(s):]	[Bloomberg Code:]	[ISIN:]	[Level(s):] <i>(Insert relevant Level as defined in the relevant Payout Conditions. Repeat as necessary.)</i>	[Exchange(s)]/[Price Source(s)]/[Screen Page(s)]/[Reference Market(s)]/[Index Sponsor(s)]/[Service Provider(s)][:]
[]	[]	[]	[]	[]	[]

(Repeat as necessary or remove in case there is no Underlying.)

1. **Share Linked Conditions:** [Applicable – the Securities are Share Linked Securities]/[Not Applicable] *(If Not Applicable, delete the remaining subparagraphs of this paragraph)*
 - (a) Consequences of Disrupted Days: [Applicable to all Underlying Valuation Dates]/[Not Applicable to []]
 - (b) Share(s): *(Insert name of relevant Share)*/[Each share set forth in the Underlying Table above in the column entitled 'Underlying(s)']
[Bloomberg Code: []]
[ISIN: []]
(Repeat as necessary for each Share)
 - (c) Underlying Currency: [In respect of *(Insert name of relevant Share)*/[[the]/[each] Share], []/[Not Applicable]
(Repeat as necessary for each Share)
 - (d) Exchange(s): [In respect of *(Insert name of relevant Share)*/[[the]/[each] Share], []/[As set forth in the Underlying Table above in the column entitled 'Exchange(s)' in the row corresponding to the relevant Share]
(Repeat as necessary for each Share)
 - (e) Level(s): []/[Closing Share Price]/[Opening Share Price]/[Intraday Price]/[Volume Weighted Average Price] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant Share]
(Repeat as necessary for each Share)
 - (f) Adjustable Terms:
 - (i) Initial Level: [Applicable]/[Not Applicable]

- (ii) Formula for calculation of the return of the relevant Share: *(Insert details or description)*
- (iii) Underlying Valuation Dates – Adjustments for Disrupted Days [Common Adjustment]/[Individual Adjustment]/[Not Applicable]
- (iv) Potential Adjustment Event determination: [Calculation Agent will determine adjustments by reference to adjustments made by [Related Exchange(s)] / [options exchange]] [Not Applicable]
- (v) Market Disruption Event: [As set out in [all] clauses [(i), (ii) and (iii)] of the applicable definition of Market Disruption Event]
- (vi) any other component or variable relevant for the determination of the price or return of the relevant Share or the maturity consideration: *(Insert details or description)*
- (g) Maximum Days of Disruption: [Five Scheduled Trading Days as specified in Share Linked Condition 5 (*Definitions*)] / [] (*Specify number of days*)
2. **Index Linked Conditions:** [Applicable – the Securities are Index Linked Securities] [Not Applicable] (*If Not Applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Consequences of Disrupted Days: [Applicable to all Underlying Valuation Dates][Not Applicable to []]
- (b) Index(ices): *(Insert name of relevant Index)*/[Each index set forth in the Underlying Table above in the column entitled 'Underlying(s)']
[Bloomberg Code: []]
(Repeat as necessary for each Index)
- (c) Underlying Currency: [In respect of *(Insert name of relevant Index)*/[[the]/[each] Index], []/[Not Applicable]
(Repeat as necessary for each Index)
- (d) Index Sponsor(s): [In respect of *(Insert name of relevant Index)*/[[the]/[each] Index], []/[As set forth in the Underlying Table above in the column entitled 'Index Sponsor(s)' in the row corresponding to the relevant Index]
(Repeat as necessary for each Index)
- (e) Level(s): [] [Closing Index Level][Intraday Level][Opening Index Level][Exchange Delivery Settlement Price] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant Index]
(Repeat as necessary for each Index)
- (f) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Index: *(Insert details or description)*

- (iii) Underlying Valuation Dates – Adjustments for Disrupted Days [Common Adjustment]/[Individual Adjustment]/[Not Applicable]
- (iv) Market Disruption Event: [As set out in [all] clauses [(a), (b), (c), (d) and (e)] of the applicable definition of Market Disruption Event]
- (v) any other component or variable relevant for the determination of the price or return of the relevant Index or the maturity consideration: *(Insert details or description)*
- (g) Maximum Days of Disruption: [Five Scheduled Trading Days as specified in Index Linked Condition 5 (*Definitions*)/ [] (*Specify number of days*)]
3. **ETF Linked Conditions:** [Applicable – the Securities are ETF Linked Securities]/[Not Applicable] *(If Not Applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Consequences of Disrupted Days: [Applicable to all Underlying Valuation Dates]/[Not Applicable to []]
- (b) ETF Share(s): *(Insert name of relevant ETF Share)*/[Each ETF Share set forth in the Underlying Table above in the column entitled 'Underlying(s)']
[Bloomberg Code: []]
(Repeat as necessary for each ETF Share)
- (c) Fund: In respect of *(Insert name of relevant ETF Share)*/[[the]/[each] ETF Share], []
(Repeat as necessary for each ETF Share)
- (d) Exchange(s): [In respect of *(Insert name of relevant ETF Share)*/[[the]/[each] ETF Share], []/[As set forth in the Underlying Table above in the column entitled 'Exchange(s)' in the same row as the relevant ETF Share]
(Repeat as necessary for each ETF Share)
- (e) Level(s): [] [Closing Price] [Intraday Price] [Opening Price] [NAV] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant ETF Share]
(Repeat as necessary for each ETF Share)
- (f) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Currency Exchange Rate: *(Insert details or description)*
- (iii) Underlying Valuation Dates – Adjustments for Disrupted Days [Common Adjustment]/[Individual Adjustment]/[Not Applicable]

- (iv) Market Disruption Event: [As set out in [all] clauses [(a), (b), (c), and (d)] of the applicable definition of Market Disruption Event]
- (v) any other component or variable relevant for the determination of the price or return of the relevant Currency Exchange Rate or the maturity consideration: *(Insert details or description)*
- (g) Closing Price: [Official Closing Price][Calculated Net Asset Value]
- (h) Maximum Days of Disruption: [Eight Scheduled Trading Days as specified in ETF Linked Condition 6 (*Definitions*)]/[] (*Specify number of days*)
- (i) Relevant Underlying Price: [ETF Share Price][ETF Share Value]
- (j) Scheduled Trading Day: [A day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions]
- [Any day on which the NAV is scheduled to be calculated and announced in accordance with the terms of the prospectus or other documents prepared in connection with the marketing of the ETF Share]
- (k) Valuation Time: [Official Closing Price Time][any Scheduled Trading Day on which the NAV is calculated]
4. **Currency Exchange Rate Conditions:** [Applicable – the Securities are linked to a Currency Exchange Rate]/[Not Applicable] (*If Not Applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Consequences of Disrupted Days: [Applicable to all Underlying Valuation Dates]/[Not Applicable to []][Not Applicable]
- (b) Currency Exchange Rate(s): *(Insert name of relevant Currency Exchange Rate)*/[Each currency exchange rate set forth in the Underlying Table above in the column entitled 'Underlying(s)']/[As per the UDI Provisions]
- (Repeat as necessary for each Currency Exchange Rate)*
- (c) Reference Currency(ies): In respect of *(Insert name of relevant Currency Exchange Rate)*/[the Currency Exchange Rate], []
- (Repeat as necessary for each Currency Exchange Rate)*
- (d) Base Currency(ies): In respect of *(Insert name of relevant Currency Exchange Rate)*/[the Currency Exchange Rate], []/[Not Applicable]
- (Repeat as necessary for each Currency Exchange Rate)*
- (e) Level(s): []/[the Currency Exchange Reference Rate in respect of such Currency Exchange Rate and such day]
- (Repeat as necessary for each Currency Exchange Rate)*
- (f) UDI Provisions: [Applicable]/[Not Applicable]
- UDI Index Rate Determination Dates [Applicable]/[Specify]

- (g) Derived Exchange Rate: [Applicable]/[Not Applicable] *(If Not Applicable, delete the remaining sub-paragraphs of this paragraph)*
- [- Cross Currency(ies): In respect of *(Insert name of relevant Currency Exchange Rate)*]/[the Currency Exchange Rate], []
- (Repeat as necessary for each Currency Exchange Rate)*
- (h) Price Source(s): [In respect of *(Insert name of relevant Currency Exchange Rate)*]/[the Currency Exchange Rate]/[Base Currency/Cross Currency Price]/[Cross Currency/Reference Currency Price], []/[As set forth in the Underlying Table above in the column entitled 'Price Source(s)' in the same row as the relevant Currency Exchange Rate]/[Not Applicable]
- (Repeat as necessary for each Currency Exchange Rate, Base Currency/Cross Currency Price and/or Cross Currency/Reference Currency Price)*
- (i) Reference Market(s): [In respect of *(Insert name of relevant Currency Exchange Rate)*]/[the Currency Exchange Rate]/[Base Currency/Cross Currency Price]/[Cross Currency/Reference Currency Price], []/[As set forth in the Underlying Table above in the column entitled 'Price Source(s)' in the same row as the relevant Currency Exchange Rate]/[Not Applicable]
- (Repeat as necessary for each Currency Exchange Rate)*
- (j) Currency Exchange Rate Valuation Time(s): In respect of *(Insert name of relevant Currency Exchange Rate)*]/[the]/[each] Currency Exchange Rate]/[Base Currency/Cross Currency Price]/[Cross Currency/Reference Currency Price], []/[Not Applicable]
- (Repeat as necessary for each Currency Exchange Rate, Base Currency/Cross Currency Price and/or Cross Currency/Reference Currency Price)*
- (k) Adjustable Terms: [Applicable][Not Applicable]
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Currency Exchange Rate: *(Insert details or description)*
- (iii) Market Disruption Event: [As set out in [all] clauses [(a), (b), (c) and (d)] of the applicable definition of Market Disruption Event]
- (iv) any other component or variable relevant for the determination of the price or return of the relevant Currency Exchange Rate or the maturity consideration: *(Insert details or description)*
- (l) Illiquidity Event: [Applicable]/[Not Applicable]
- (m) Maximum Days of Disruption: [Eight Scheduled Trading Days as specified in Currency Exchange Rate Condition 5 *(Definitions)*]/ [] *(Specify number of days)*]/[Not Applicable]

5. **Commodity Linked Conditions:** [Applicable – the Securities are Commodity Linked Securities]
[Not Applicable] *(If Not Applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Consequences of Disrupted Days: [Applicable to all Underlying Valuation Dates][Not Applicable to []]
- Replacement and cancellation rights: [Applicable]/[Not Applicable]
- (b) Commodity(ices): *(Insert name of relevant Commodity)*/[Each index set forth in the Underlying Table above in the column entitled 'Underlying(s)']
(Repeat as necessary for each Commodity)
- (c) Commodity Index: *(Insert name of relevant Commodity Index and Fund Index Sponsor)*/[Each Fund Index and Fund Index Sponsor set forth in the Underlying Table above in the column entitled 'Underlying(s)']
(Repeat as necessary for each Commodity)
- (d) Exchange(s): [In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], []/[As set forth in the Underlying Table above in the column entitled 'Exchange(s)' in the row corresponding to the relevant Commodity]/[Not Applicable]
(Repeat as necessary for each Commodity)
- (e) Rolling Futures Contract Securities: [In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], [Applicable]/[Not Applicable]
(Repeat as necessary for each Index)
- (f) Commodity Index Sponsor(s): [In respect of *(Insert name of relevant Commodity Index)*/[[the]/[each] Commodity Index], []/[As set forth in the Underlying Table above in the column entitled 'Commodity Index Sponsor(s)' in the row corresponding to the relevant Index]
(Repeat as necessary for each Index)
- (g) Commodity Reference Price: In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], []/[Not Applicable]
- (h) Delivery Date: In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], []/[Not Applicable]
- (i) Nearby Month: In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], []/[Not Applicable]
- (j) Futures Rollover Date: In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], []/[Not Applicable]
- (k) Futures Rollover Period: In respect of *(Insert name of relevant Commodity)*/[[the]/[each] Commodity], []/[Not Applicable]
- (l) Price Source(s): [In respect of *(Insert name of relevant Commodity)*/[[the] Commodity]/, []/[As set forth in the Underlying Table above in the column entitled 'Price Source(s)' in the same row as the relevant Commodity]/[Not Applicable]
(Repeat as necessary for each Commodity)

- (m) Dislocation Event [Applicable]/[Not Applicable]
- Dislocation Level: []/[As specified in the Commodity Linked Condition 6.1 (Definitions)]
- (n) Level(s): [] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant Commodity]
- (Repeat as necessary for each Commodity)
- (o) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Commodity: (Insert details or description)
- (iii) Underlying Valuation Dates – Adjustments for Disrupted Days [Common Adjustment]/[Individual Adjustment]/[Not Applicable]
- (iv) any other component or variable relevant for the determination of the price or return of the relevant Commodity or the maturity consideration: (Insert details or description)
- (p) Maximum Days of Disruption: [Five Scheduled Trading Days as specified in Commodity Linked Condition 7 (Definitions)/ [] (Specify number of days)]
6. **Fund Linked Conditions:** [Applicable – the Securities are Fund Linked Securities]/[Not Applicable] (If Not Applicable, delete the remaining subparagraphs of this paragraph)
- (a) Fund: (Insert name of relevant Fund and specific if a Hedge Fund or Mutual Fund or Private Equity Fund)/[Each Fund set forth in the Underlying Table above in the column entitled 'Underlying(s)']
- (Repeat as necessary for each Fund)
- (b) Fund Index: (Insert name of relevant Fund Index and Fund Index Sponsor)/[Each Fund Index and Fund Index Sponsor set forth in the Underlying Table above in the column entitled 'Underlying(s)']
- (Repeat as necessary for each Fund Index)
- (c) Fund Shares: (Insert name of relevant Fund)/[Each Fund Share set forth in the Underlying Table above in the column entitled 'Underlying(s)']/[As specified in the Fund Linked Condition 5 (Definitions)]
- (Repeat as necessary for each Fund)
- (d) Fund Service Provider: (Insert name of relevant Fund)/[Each Fund Service Provider set forth in the Underlying Table above in the column entitled 'Underlying(s)']/[As specified in the Fund Linked Condition 5 (Definitions)]
- (Repeat as necessary for each Fund)

- (e) Extraordinary Fund Event: In respect of *(Insert name of relevant Fund)*/[the]/[each] Fund],
[All]/[]/[SC/FM Fund Events]/[Not Applicable]
(Repeat as necessary for each ETF Share)
- (i) NAV Trigger Event: [Applicable]/[Not Applicable]
NAV Trigger Percentage: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]
NAV Trigger Period: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]
- (ii) Volatility Trigger Event: [Applicable]/[Not Applicable]
Volatility Trigger Percentage: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]
Volatility Trigger Period: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]
- (iii) Basket Trigger Event: [Applicable]/[Not Applicable]
Basket Trigger Level: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]
- (f) Level(s): []/[NAV per Fund Share][Settlement Price] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant Fund]
(Repeat as necessary for each Fund)
- (g) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Fund Share: *(Insert details or description)*
- (iii) Extraordinary Fund Event: [As set out in [all] clauses [(i) and (ii)] of the applicable definition of Market Disruption Event]
- (iv) any other component or variable relevant for the determination of the price or return of the relevant Fund Share or the maturity consideration: *(Insert details or description)*
- (h) AUM Level: []/[Applicable]
- (i) Delayed Payment Cut-off Date: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]
- (j) Final Calculation Date: []/[Not Applicable]
- (k) Fund Business Day: [Single Fund Share Basis]/[All Fund Share Basis]/[Per Fund Share Basis]/[As specified in the Fund Linked Condition 5 *(Definitions)*]
- (l) Hedging Date: []/[Not Applicable]
- (m) Initial Calculation Date: []/[Not Applicable]
- (n) Maximum Days of Disruption: [ten Fund Business Days as specified in Fund Linked Condition 5 *(Definitions)*]/ [] *(Specify number of days)*
- (o) Number of NAV Publication Days: []/[As specified in the Fund Linked Condition 5 *(Definitions)*]

7. **Inflation Index Linked Conditions:** [Applicable – the Securities are Inflation Index Linked Securities]
[Not Applicable] *(If Not Applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Inflation Index(ices): *(Insert name of relevant index)*/[Each index set forth in the Underlying Table above in the column entitled 'Underlying(s)']

[Bloomberg Code: []]

(Repeat as necessary for each index)
- (b) Level(s): []/[the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Inflation Index Sponsor in respect of the Reference Month]

(Repeat as necessary for each index)
- (c) Related Bond: [In respect of *(Insert name of relevant index)*]/[the]/[each] Inflation Index], []/[Not Applicable]

(Repeat as necessary for each index)
- (i) Related Bond Redemption Event: [Applicable]/[Not Applicable]
- (ii) Fallback Bond: [Applicable]/[Not Applicable]
- (d) Inflation Index Sponsor(s): [In respect of *(Insert name of relevant index)*]/[the]/[each] Inflation Index], []/[As set forth in the Underlying Table above in the column entitled 'Index Sponsor(s)' in the row corresponding to the relevant Inflation Index]

(Repeat as necessary for each index)
- (e) Reference Month: [] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant Index]

(Repeat as necessary for each index)
- (f) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Inflation Index: *(Insert details or description)*
- (iii) any other component or variable relevant for the determination of the price or return of the relevant Inflation Index or the maturity consideration: *(Insert details or description)*
- (g) Cut-Off Date: [Three Business Days as specified in Inflation Index Linked Condition 5 (*Definitions*)/ [] (*Specify number of days*)]
- (h) Maximum Days of Disruption: [Five Business Days as specified in Inflation Index Linked Condition 5 (*Definitions*)/ [] (*Specify number of days*)]

8. **Future Linked Conditions:** [Applicable – the Securities are Future Linked Securities] [Not Applicable] *(If Not Applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Consequences of Disrupted Days: [Applicable to all Underlying Valuation Dates][Not Applicable to []]
- Replacement and cancellation rights: [Applicable]/[Not Applicable]
- (b) Future(s): *(Insert name of relevant Future)*/[Each index set forth in the Underlying Table above in the column entitled 'Underlying(s)']
(Repeat as necessary for each Future)
- (c) Exchange(s): [In respect of *(Insert name of relevant Future)*]/[the]/[each] Future], []/[As set forth in the Underlying Table above in the column entitled 'Exchange(s)' in the row corresponding to the relevant Future]/[Not Applicable]
(Repeat as necessary for each Future)
- (d) Future Reference Price: In respect of *(Insert name of relevant Future)*]/[the]/[each] Future], []/[Not Applicable]
- (e) Futures Rollover Date: In respect of *(Insert name of relevant Commodity)*]/[the]/[each] Commodity], []/[Not Applicable]
- (f) Price Source(s): [In respect of *(Insert name of relevant Future)*]/[the Future]/, []/[As set forth in the Underlying Table above in the column entitled 'Price Source(s)' in the same row as the relevant Future]/[Not Applicable]
(Repeat as necessary for each Future)
- (g) Level(s): [] [As set forth in the Underlying Table above in the column entitled 'Level(s)' in the row corresponding to the relevant Future]
(Repeat as necessary for each Future)
- (h) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Future: *(Insert details or description)*
- (iii) Underlying Valuation Dates – Adjustments for Disrupted Days [Common Adjustment]/[Individual Adjustment]/[Not Applicable]
- (iv) any other component or variable relevant for the determination of the price or return of the relevant Future or the maturity consideration: *(Insert details or description)*
- (i) Maximum Days of Disruption: [Five Scheduled Trading Days as specified in Future Linked Condition 5 (*Definitions*)]/[] (*Specify number of days*)
9. **Interest Benchmark Linked Conditions:** [Applicable – the Securities are Interest Benchmark Linked Securities]/ [Applicable – the Rates for the Securities are to be determined using Screen Rate Determination/ISDA

		Determination] / [Not Applicable] <i>(If Not Applicable, delete the remaining sub-paragraphs of this paragraph)</i>
9.1	Manner to determine an Interest Benchmark	[Applicable in respect to an Interest Benchmark as Reference Rate] [and] [Applicable in respect to an Interest Benchmark as Underlying]
	(a) Screen Rate Determination:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Interest Benchmark:	[General Screen Rate: [] month] [[currency]]] [EURIBOR] []] [SONIA] [SOFR] [€STR] [SARON ¹³] [CMS Rate] [TEC Rate] [CMT Rate] <i>(Give more details if any)</i>
	(ii) Applicable CMS Rate:	[CMS Rate:] [Reference Currency: []] Designated Maturity: [] Fixed Leg Day Count Fraction: [] Floating Rate Day Count Fraction: [] Floating Leg Rate Option: [] Specified Fixed Leg: [] Specified Frequency: [] Screen Page: [] (specify relevant screen page(s) and any applicable headings and captions) [CMS Rate 1: []][The annual swap rate for EUR swap transactions with a maturity of [] (D1) years, expressed as a percentage, which appears on the Reuters Screen ICESWAP2 Page (or any successor or replacement page to such page) as of 11:00 am Frankfurt time on the day that is two T2 Business Days preceding the first day of such Interest Period.]] [Reference Currency: []] Designated Maturity: [] Fixed Leg Day Count Fraction: [] Floating Rate Day Count Fraction: [] Floating Leg Rate Option: [] Specified Fixed Leg: [] Specified Frequency: [] Screen Page: [] (specify relevant screen page(s) and any applicable headings and captions)

¹³ Where SARON is specified, neither Citibank Europe plc nor any of its affiliates shall be named as calculation agent.

- [CMS Rate 2: []][The annual swap rate for EUR swap transactions with a maturity of [] (D2) years, expressed as a percentage, which appears on the Reuters Screen ICESWAP2 Page (or any successor or replacement page to such page) as of 11:00 am Frankfurt time on the day that is two T2 Business Days preceding the first day of such Interest Period.]]
- [Reference Currency: []]
- Designated Maturity: []
- Fixed Leg Day Count Fraction: []
- Floating Rate Day Count Fraction: []
- Floating Leg Rate Option: []
- Specified Fixed Leg: []
- Specified Frequency: []
- Screen Page: [] (, specify relevant screen page(s) and any applicable headings and captions)
- (iii) TEC Rate: TEC Rate Maturity: []
- [Reference Currency: [EUR] []]
- Screen Page: [[https://www.banque-france.fr/fr/statistiques/taux-et-cours/indices-obligataires-\[date\]](https://www.banque-france.fr/fr/statistiques/taux-et-cours/indices-obligataires-[date])] / [] [(or any successor webpage)] (specify relevant screen page(s) and any applicable headings and captions)
- (iv) CMT Rate: CMT Rate Maturity: []
- CMT Rate Screen Page: [page H15T5Y on the Bloomberg L.P. service or any successor service or such other page as may replace that page on that service for the purpose of displaying "Treasury constant maturities" as reported in the H.15(519)] (specify relevant screen page(s) and any applicable headings and captions)
- [Reference Currency: [EUR] []]
- (v) Calculation Method: [Compounded Daily Rate] [Compounded Index Rate] (Only relevant to Floating Rate Securities that reference SONIA) [Compounded SOFR] [Compounded SOFR Index] (Only relevant to Floating Rate Securities that reference SOFR)
- [Not Applicable]
- (vi) Observation Method: [Lag] [Shift] [Observation Period Shift (For SARON only)]
- [Not Applicable]
- (vii) Relevant Time: [] [Not Applicable]
- (viii) Underlying Determination Date(s): [[] [London Banking Day] [Zurich Banking Day] [T2 Business Day] [U.S. Government Securities Business Day] prior to the end of each Interest Period]

- [Second London business day prior to the start of each Interest Period]
- [First day of each Interest Period]
- [Second day on which the T2 System is open prior to the start of each Interest Period]
- [[] Business Day[s] prior to the start of each Interest Period]
- [Not Applicable]
- (ix) Screen Page: [[] Screen Page] [] (*Only relevant to SONIA*). [Not Applicable]
- (x) Primary Source: [[] Screen Page] [Reference Banks] (*Only applicable to Benchmarks other than SONIA, SOFR, €STR and CMS Rate*)
- [Not Applicable]
- (xi) Reference Banks: [[], [], [] and []] [Not Applicable] [as set out in the definition of "Reference Banks" in Payout Condition 2.9 (*Definitions applicable to Screen Rate Determination*)]
- (xii) Relevant Financial Centre: [] [London] [Not Applicable]
- (xiii) Representative Amount: [] [as set out in the definition of "Representative Amount" in Payout Condition 2.12 (*Additional Definitions for Interest Benchmarks*)] [Not Applicable]
- (xiv) Effective Date: [] [as set out in the definition of "Effective Date" in Payout Condition 2.12 (*Additional Definitions for Interest Benchmarks*)] [Not Applicable]
- (xv) Specified Duration: [] [Not Applicable]
- (xvi) Observation Look-Back Period¹⁴: [[5][] London Banking Days] [Zurich Banking Days] [T2 Business Days] [[] U.S. Government Securities Business Days] [Not Applicable]
- (xvii) Relevant Number¹⁵: [] [Not Applicable]
- (*Only relevant to SONIA where the Calculation Method is Compounded Index Rate. Note that this defaults to 2 if not included in the Final Terms*)
- (xviii) p: [[] [U.S. Government Securities Business Days]] [] [Not Applicable]
- (xix) [SOFR][€STR] Observation Period: (*Insert other period*) [No other specification applicable]
- (xx) Period End Date: []
- (xxi) Underlying Determination Date: [] [Not otherwise specified]

¹⁴ The ICSDs have a preference of 5 business days for this (where applicable)

¹⁵ The ICSDs have a preference of 5 business days for this (where applicable)

(b) ISDA Determination:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) ISDA Definitions:	[2006][2021] ISDA Definitions
(ii) Floating Rate Option:	[] <i>(Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions if 2021 ISDA Definitions are applied or that it is a Floating Rate Option subject to the ISDA IBORs Supplement if the 2006 Definitions are applied)</i> [Not Applicable]
(iii) Designated Maturity:	[] [Not Applicable] <i>(This is not required when the Floating Rate Option is an Overnight Floating Rate Option)</i>
(iv) Reset Determination Date:	[]
(v) Compounding:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining items of this subparagraph)</i>
Compounding Method:	[Compounding with Lookback: Lookback: [] Applicable Business Days] [Compounding with Observation Period Shift Observation Period Shift: [] Observation Period Shift Business Days] Observation Period Shift Additional Business Days: [] [Not Applicable] [Compounding with Lockout Lockout: [] Lockout Period Business Days]
(vi) Averaging:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining items of this subparagraph)</i>
Averaging Method:	Averaging with Lookback [Lookback:] [[] Applicable Business Days] [Averaging with Observation Period Shift [Observation Period Shift:] [[] Observation Period Shift Business Days] [Observation Period Shift Additional Business Days: [] [Not Applicable] [Averaging with Lockout Lockout: [[] Lockout Period Business Days] Lockout Period Business Days: [] Applicable Business Days]
(vii) Index Provisions:	[Applicable] [Not Applicable] <i>(If not applicable, delete the remaining items of this subparagraph)</i>

- Index Method: Compounded Index Method with Observation Period Shift
- Observation Period Shift: [] Observation Period Shift Business Days
- Observation Period Shift Additional Business Days: [] [Not Applicable]
- (viii) [] Daily Capped Rate and/or Daily Floored Rate: [Applicable] [Not Applicable] *(If not applicable, delete the remaining items of this subparagraph)*
- [Daily Capped Rate:] [] %
- [Daily Floored Rate:] [] %
- (ix) Unscheduled Holiday: [Applicable] [Not Applicable] *(Only include where the 2021 ISDA Definitions apply)*
- (x) Period End Date/Termination Date adjustment for Unscheduled Holiday: [Applicable] [Not Applicable] *(Only include where the 2021 ISDA Definitions apply)*
- (xi) Non-Representative: [Applicable] [Not Applicable] *(Only include where the 2021 ISDA Definitions apply)*
- (xii) [Successor Benchmark: [] Successor Benchmark Effective Date: [] *(Only include where the 2021 ISDA Definitions apply)*]
- (c) Level(s): [] *[the rate or level determined pursuant to the applicable terms for Screen Rate Determination or ISDA Determination specified in the Issue Terms, and subject to an alternative determination set out in the Underlying Linked Conditions]*
- (d) Adjustable Terms:
- (i) Initial Level: [Applicable]/[Not Applicable]
- (ii) Formula for calculation of the return of the relevant Interest Benchmark: *(Insert details or description)*
- (iii) any other component or variable relevant for the determination of the price or return of the relevant Interest Benchmark or the maturity consideration: *(Insert details or description)*

[THIRD PARTY INFORMATION]

[[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.] [Not Applicable]

[Signed on behalf of National Bank of Canada acting through its Montréal Branch:

By: _____

Duly authorised]]

PART B - OTHER INFORMATION

1. OFFER PRICE, LISTING AND ADMISSION TO TRADING

- (i) Offer Price: []
[To be expressed either as an amount in the Specified Currency per unit of the Security (unit quotation) or as a percentage of the Notional Amount (percentage quotation)]
- (ii) Product specific initial costs, inducements/fees contained in the Issue Price: [] [The product specific initial costs contained in the issue price amount to [approx.] *(Insert details)*]/[The inducements contained in the Issue Price amount to [approx.] *(Insert details)*]/[The Issuer and/or the relevant Dealer may pay recurring fees to distribution partners contained in the Issue Price amount to [approx.] *(Insert details)*] [Not Applicable]

[To be included only in the case of Final Terms:

- (iii) Listing/Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Securities to be admitted to [the Official List of the Luxembourg Stock Exchange] *(Specify other)* and to trading on [the Luxembourg Stock Exchange's regulated market] *(Specify other)* with effect from [].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Securities to be admitted to [the Official List of the Luxembourg Stock Exchange] *(Specify other)* and to trading on [the Luxembourg Stock Exchange's regulated market] *(Specify other)* with effect from [].]
- [Tranche[s] [] of the Securities [is/are] already admitted to [the Official List of the Luxembourg Stock Exchange] *(Specify other)* and to trading on [the Luxembourg Stock Exchange's regulated market] *(Specify other)* with effect from [].]
- [Not Applicable]
- (iv) Estimate of total expenses related to admission to trading: []

[To be included only in the case of Pricing Supplements:

- (iii) Listing/Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Securities to be admitted to trading on [the Luxembourg Stock Exchange's Euro MTF Market] *(Specify other MTF)* with effect from [].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Securities to be admitted to trading on [the Luxembourg Stock Exchange's Euro MTF Market] *(Specify other MTF)* with effect from [].]
- [Tranche[s] [] of the Securities [is/are] already admitted to trading on [the Luxembourg Stock Exchange's Euro MTF Market] *(Specify other MTF)* with effect from [].]
- [Application [has been/ is expected to be] made by the Issuer (or on its behalf) for the Securities to be admitted to the International Securities Market of the London Stock Exchange.]
- [Not Applicable]

2. RATINGS

Ratings: [Securities to be issued] [have been/has/is/are expected to be] [rated] [have not been rated]. [The following ratings reflect ratings assigned to Securities of this type issued under the Programme generally]:

[S&P Canada: []]

[Moody's Canada: []]

[Fitch: []]

[[Other]: []]

(Need to include a brief explanation of the meaning of the ratings if this has been previously published by the rating provider)

[Each of] [S&P Canada / Moody's Canada [and]/ Fitch] is established outside the EU and the UK and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended, the "**EU CRA Regulation**") or Regulation (EC) No. 1060/2009 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). [Ratings by S&P Canada are endorsed by S&P Global Ratings Europe Limited and S&P Global Ratings UK Limited[,]/ratings by Moody's Canada are endorsed by Moody's Deutschland GmbH and Moody's Investors Services Ltd. [and]/ ratings by Fitch are endorsed by Fitch Ratings Ireland Limited and Fitch Ratings Limited, each of which is a credit rating agency established in the EU and registered under the EU CRA Regulation or established in the United Kingdom and registered under the UK CRA Regulation, respectively, each in accordance with the EU CRA Regulation or the UK CRA Regulation, as applicable.]

[ESMA is obliged to maintain on its website a list of credit rating agencies registered in accordance with the EU CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the EU CRA Regulation. The list is located on ESMA's website at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>.]

[The FCA is obliged to maintain on its website a list of credit rating agencies registered in accordance with the UK CRA Regulation. The FCA's website address is <https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>.]

See section headed "Credit Rating Agencies" of the Base Prospectus for details regarding such ratings.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer. The [Managers/Dealers] and their affiliates 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 its affiliates in the ordinary course of business.] / [] / [Not Applicable]

4. OPERATIONAL INFORMATION

ISIN: ☐ ☐

Common Code: ☐ ☐

WKN or any other relevant codes: ☐ [Not Applicable]

Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A. and Euroclear France S.A., their addresses and the relevant identification number(s): ☐ [Not Applicable]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any), Listing Agent(s) (if any), Registrar(s) or Transfer Agent(s): ☐ [None]

5. DISTRIBUTION

- (i) Method of distribution: ☐ [Syndicated] ☐ [Non-syndicated]
- (ii) If syndicated, names of Manager(s): ☐ [Not Applicable]
- (iii) If non-syndicated, name of Dealer(s): ☐ [Not Applicable]
- (iv) Prohibition of Sales to EEA Retail Investors: ☐ [Applicable] ☐ [Not Applicable]
(If the Securities clearly do not constitute "packaged" products, or the Securities do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Securities may constitute "packaged" products and no key information document will be prepared or if the Issuer wishes to prohibit offers to EEA retail investors for any other reason, "Applicable" should be specified)
- (v) Prohibition of Sales to UK Retail Investors: ☐ [Applicable] ☐ [Not Applicable]
(If the Securities clearly do not constitute "packaged" products, or the Securities do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Securities may constitute "packaged" products and no key information document will be prepared or if the Issuer wishes to prohibit offers to UK retail investors for any other reason, "Applicable" should be specified)
- (vi) Swiss Non-Exempt Public Offer: ☐ [Yes (the Base Prospectus has been registered in Switzerland with the prospectus office of SIX Exchange Regulation as reviewing body (*Prüfstelle*) under the Financial Services Act ("**FinSA**") as a foreign prospectus, which is deemed approved in Switzerland pursuant to article 54 para. 2 FinSA, and included in the list of approved prospectuses and deposited with such reviewing body and published in Switzerland). If an obligation to prepare a supplement to the Base Prospectus pursuant to article 56 para 1 FinSA is triggered during the Swiss Offer Period in

Switzerland, subscriptions may be withdrawn by Swiss investors within two days of publication of the supplement. /No]¹⁶

[(vii) Prohibition of offer to private clients in Switzerland

[The Securities must not be offered to investors in Switzerland who qualify as private clients within the meaning of article 4 FinSA and who have to be provided with a basic information sheet pursuant to article 8 FinSA.]¹⁷

¹⁶ Insert "Yes" in the case of Securities offered in Switzerland to any type of investors and documented on the basis of the Form of Final Terms and where the Final Terms are being deposited with the prospectus office of SIX Exchange Regulation as Swiss reviewing body and a key information document within the meaning of the FinSA (a PRIIPs KID is deemed an equivalent document and can be used in Switzerland to meet the requirement of preparing a key information document) will be provided. Insert "No" in the case of Securities offered under an exemption from the Swiss prospectus requirement (*e.g.*, private placement, professional clients, issue size below CHF 8 million). If "No" is inserted, no Pricing Supplement shall be deposited with the prospectus office of SIX Exchange Regulation as Swiss reviewing body and no Pricing Supplement needs to be made available in Switzerland in any form.

¹⁷ Insert if no basic information sheet within the meaning of the FinSA or PRIIPs KID will be prepared.

6. REASONS FOR THE ISSUE / USE OF PROCEEDS: [Not specified.]

[[Sustainable Securities:] [Sustainability Bonds – *specify details in accordance with the Framework*][Green Bonds – *specify details in accordance with the Framework*][Social Bonds – *specify details in accordance with the Framework*]

The net proceeds of the issue of the Securities will be used to finance or refinance, in whole or in part, future and existing eligible businesses and eligible projects, including the Issuer's own operations, that fall within the [following] Eligible Categories (as defined within the Framework))[:][.]

[

Sustainable	Labelled project(s)	Eligible Categories	
	Green	Renewable Energy	[Applicable] [Not Applicable]
		Energy Efficiency	[Applicable] [Not Applicable]
		Pollution Prevention and Control	[Applicable] [Not Applicable]
		Sustainable Water and Wastewater Management	[Applicable] [Not Applicable]
		Sustainable Buildings	[Applicable] [Not Applicable]
		Low-Carbon Transportation	[Applicable] [Not Applicable]
	Social	Affordable Housing	[Applicable] [Not Applicable]
		Access to Basic and Essential Services	[Applicable] [Not Applicable]
		Loans to Small and Medium-sized Enterprises	[Applicable] [Not Applicable]

][specify additional criteria which will be used to determine how the proceeds are allocated for sustainable purposes]]

- [7. **U.S. TAX CONSIDERATIONS** [The Issuer has determined that the Securities are [not] Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended.]. [As at the date hereof, the Issuer has not determined whether the Securities are Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified Securities for these purposes. This is indicative information only, subject to change, and if the Issuer's final determination is different, then it will give notice of such determination.]¹⁸ *(The Securities will not be Specified Securities if they do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Securities reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required to determine if the Securities will be Specified Securities. If the Securities are Specified Securities, or if additional disclosure with respect to the 871(m) determination is required, include the "Additional information" sentence and specify where additional information may be found.)*] [Not Applicable]
8. **COMISSIONS/FEEES:** []
9. **ESTIMATED NET PROCEEDS:** []¹⁹
- [10. **ESTIMATED TOTAL EXPENSES:** Not Applicable – there are no estimated expenses charged to the Investor by the Issuer] [Expenses shall be allocated by each major purpose and presented in order of priority of those purposes: []]
11. **[[TERMS AND CONDITIONS OF THE OFFER]**²⁰ []
- (i) **Authorised Offerer(s)**
- (a) Public Offer: [Not Applicable]/[An offer of the Securities may be made, subject to the conditions set out below by the Authorised Offeror(s) (specified in (b) immediately below) other than pursuant to Article 1(4) of the EU Prospectus Regulation [or the UK Prospectus Regulation] in the Public Offer Jurisdiction(s) (specified in (c) immediately below) during the Offer Period (specified in (d) immediately below) subject to the conditions set out in the Base Prospectus and in (e) immediately below]
- (b) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place (together the "Authorised Offeror(s)"): Each financial intermediary specified in (i) and (ii) below:
- (i) **Specific consent:** [[●] (the "Initial Authorised Offeror(s)")] [and each financial intermediary expressly named as an Authorised Offeror on the website of the Issuer: (www.nbc.ca)]; and
- (ii) **General consent:** [Not Applicable]/[Applicable: each financial intermediary which (A) is authorised to make such offers under

¹⁸ This formulation to be used if the Issuer has not made a determination regarding whether the Securities are Specified Securities as of the date of the Final Terms or Pricing Supplement.

¹⁹ Only required in Final Terms in case of public offer for products with a denomination of less than EUR 100,000.

²⁰ Only required in Final Terms in case of public offer and only for products with a denomination of less than EUR 100,000.

Directive 2014/65/EU, and (B) accepts such offer by publishing on its website the Acceptance Statement]

- (c) Jurisdiction(s) where the offer may take place (together, the "**Public Offer Jurisdictions(s)**"):
- []
- (d) Offer period for which use of the Base Prospectus is authorised by the Authorised Offeror(s):
- [] [Not Applicable]
- (Insert information relating to an offer of Securities in Switzerland in case "Swiss Non-Exempt Public Offer" is specified as "Yes")*
- [An offer of the Securities may be made in Switzerland during the period from [(and including)] [●] (*Specify date*) to [(and including)] [●] (*Specify date*)] (the "**Swiss Offer Period**")]
- (e) Other conditions for use of the Base Prospectus by the Authorised Offeror(s):
- [] [[], in relation to those Authorised Offeror(s) specified in (b)(ii) above only] [Not Applicable]

(ii) **Other terms and conditions of the offer**

- (a) Total amount of offer:
- [] [Not Applicable]
- (b) Conditions to which the offer is subject:
- [] [Not Applicable]
- (c) Time period, including any possible amendments, during which the offer will be open and description of the application process:
- [] [Not Applicable]
- (d) Description of the application process:
- [] [Not Applicable]
- (e) Details of the minimum and/or maximum amount of application:
- [] [The minimum amount of application which can be subscribed by the relevant Investors is [].] [The maximum amount of application which can be subscribed by the relevant Investors is [].] [There is no [minimum] [and] [maximum] amount of application] [Not Applicable]
- (f) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:
- [] [Not Applicable]
- (g) Details of method and time limits for paying up and delivering the Securities:
- [] [Not Applicable]
- (h) Manner in and date on which results of the
- [] [Not Applicable]

offer are to be made public:

- (i) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: ☐ [Not Applicable]
- (j) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: ☐ [Not Applicable]
- (k) Name(s) and address(es), legal entity identifier, domicile, legal form and country of incorporation, to the extent known to the Issuer, of the placers in the various countries where the offer takes place: ☐ [Not Applicable]

]

12. BENCHMARKS:

Amounts payable under the Securities will be calculated by reference to ☐ which [is/are] provided by ☐. As at ☐, ☐ [EMMI] [SIX Index AG] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011, as amended from time to time (the "**Benchmarks Regulation**"). [As far as the Issuer is aware, the [Bank of England] as administrator of SONIA the [Federal Reserve Bank of New York] as administrator of SOFR, the [European Central Bank] as administrator of €STR are not required to be registered by virtue of article 2 of the Benchmarks Regulation] [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply, such that ICE Benchmark Administration Limited is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]

[Not Applicable]

13. YIELD:

[Not Applicable].

(Only applicable in case of Fixed Rate Securities and Zero Coupon Securities. If not applicable, delete the remaining items of this subparagraph.)

[Indication of yield:

The yield is ☐.]]

14. HISTORIC INTEREST RATES:

[Not Applicable] [Details of historic *[insert Benchmark]* can be obtained from [Refinitiv] ☐ ☐].

(Only applicable in case of Structured Securities with Interest Benchmarks as an Underlying. If not applicable, delete the remaining items of this subparagraph.)

15. PERFORMANCE OF THE UNDERLYING AND OTHER INFORMATION:

[Not Applicable] [☐] (specify).

(If the Securities are linked to one or more Underlying(s), include details of where information on each Underlying can be obtained including an indication of where information about the past and future performance and volatility of such Underlying can be obtained by electronic means and whether or not it can be obtained free of charge.)

16. PERFORMANCE OF THE BENCHMARK AND OTHER INFORMATION:

[Not Applicable] [[Past and future performance of [☐]] [☐] (specify)].

(If the Securities are linked to one or more Benchmark(s), include details of where information on each Benchmark can be obtained including an indication of where information about the past and future performance and volatility of such Benchmark can be obtained by electronic means and whether or not it can be obtained free of charge.)

17. TERMS AND CONDITIONS OF THE OFFER²¹

Conditions to which the offer is subject:

[Not Applicable / give details]

Total amount of the issue:

[Not Applicable / give details. If the amount is not fixed, include a description of the arrangements and time for announcing to the public the amount of the issue]

Details of the minimum and/or maximum amount of the application:

[Not Applicable / give details]

Details of the method and time limits for paying up and delivering the Securities:

[Not Applicable / give details]

²¹ Delete unless Schedule 4 (Derivatives) of the ISM Rulebook applies to the Exempt Securities.

TAXATION

Investors should be aware that the tax legislation of the country in which the Investor is resident and of the Issuer's country of incorporation may have an impact on the income received from the Securities.

The level and basis of taxation on the Securities and on the Investor depend on the Investors individual circumstances and could change at any time and may have an adverse impact on the return received by the investor under the Security.

1. General taxation information

Transactions involving Securities (including purchases, transfers and/or redemptions), the accrual or receipt of any interest or premium payable on the Securities, the delivery of any entitlement and the death of a holder of any Security may have tax consequences for Investors which may depend, amongst other things, upon the tax residence and/or status of the Investor, the terms and conditions of the particular Security and the relevant law and practice of taxation authorities in relevant jurisdictions. Investors are therefore advised to consult their own tax advisors as to the tax consequences of transactions involving Securities and the effect of any tax laws in any jurisdiction in which they may be tax resident or otherwise liable to tax. In particular, no representation is made as to the manner in which payments under the Securities would be characterised by any relevant taxing authority.

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in addition to the issue price or purchase price (if different) of the Securities and in connection with the transfer or delivery of any Underlying.

Terms defined in the sections below are defined for the purpose of the relevant section only.

2. Canadian Taxation

The following summary describes the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Act**") and the regulations thereunder generally applicable to an initial purchaser of Securities who acquires Securities, including entitlements to all payments thereunder, at the issue price as a beneficial owner pursuant to this Base Prospectus or common shares of the Bank or any affiliate of the Bank on a Bail-in Conversion ("**Common Shares**"), and who, for purposes of the Act and any applicable income tax treaty or convention, at all relevant times, is not resident and is not deemed to be resident in Canada, deals at arm's length and is not affiliated with the Bank and any issuer of Common Shares, deals at arm's length with any Canadian resident (or deemed Canadian resident) to whom the holder disposes or is deemed to have disposed of the Securities, does not use or hold and is not deemed to use or hold Securities or Common Shares in or in the course of carrying on a business in Canada, is not a "specified shareholder" (within the meaning of subsection 18(5) of the Act) of the Bank and is not a person who does not deal at arm's length with a "specified shareholder" of the Bank, and is not an insurer carrying on an insurance business in Canada and elsewhere (a "**Non-resident Holder**").

In addition, this summary assumes that (i) a Non-resident Holder is not an entity in respect of which the Bank is a "specified entity" as defined in subsection 18.4(1) of the Act), and (ii) no amount paid or payable to a Non-resident Holder in respect of the Securities will be the deduction component of a "hybrid mismatch arrangement" under which the payment arises within the meaning of paragraph 18.4(3)(b) of the Act.

This summary is based upon the provisions of the Act and the regulations thereunder in force on the date hereof, proposed amendments to the Act and the regulations thereunder in a form publicly announced prior to the date hereof by or on behalf of the Minister of Finance (Canada) (the "**Proposed Amendments**") and Canadian counsel's understanding of the current administrative policies of the Canada Revenue Agency published in writing prior to the date hereof. This summary assumes that all Proposed Amendments will be enacted in the form proposed. There can be no assurance that the Proposed Amendments will be enacted as

proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any other changes in law or administrative policies, whether by legislative, governmental or judicial action or interpretation, nor does it take into account any other federal, provincial, territorial or foreign income tax legislation or considerations. Subsequent developments could have a material effect on the following description.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any particular Non-resident Holder and no representation with respect to the federal income tax consequences to any particular Non-resident Holder is being made. Accordingly, Investors should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Securities or Common Shares having regard to their own particular circumstances.

Generally, for purposes of the Act, all amounts relating to the acquisition, holding or disposition of the Securities and Common Shares not denominated in Canadian dollars must be converted into Canadian dollars based on the relevant exchange rate determined in accordance with the rules in the Act. Any amount subject to withholding tax and any capital gains or capital losses realised by a Non-resident Holder may be affected by fluctuations in the relevant exchange rate.

The Canadian federal income tax considerations applicable to Securities may be described in the applicable Final Terms or in the applicable Pricing Supplement related thereto when such Securities are offered. In the event the Canadian federal income tax considerations are described in the applicable Final Terms or in the applicable Pricing Supplement, the following description will be superseded by the description in such Final Terms or Pricing Supplement, as the case may be, to the extent indicated therein.

Securities

Interest paid or credited or deemed to be paid or credited by the Bank in respect of a Security (including amounts on account or in lieu of payment of, or in satisfaction of, interest and amounts paid at maturity in excess of the principal amount and interest deemed to be paid in certain cases involving the assignment or other transfer of a Security to a person resident, or deemed to be resident, in Canada) to a Non-resident Holder will not be subject to Canadian withholding tax, unless any portion of such interest (other than on a "prescribed obligation" described below) is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders on any class of shares of a corporation ("**Participating Debt Interest**"). A "**prescribed obligation**" for this purpose is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding, which adjustment is determined by reference to a change in the purchasing power of money, and no amount payable in respect thereof, other than an amount determined by reference to a change in the purchasing power of money, is contingent or dependent upon the use of, or production from, property in Canada or is computed by reference to any of the criteria described in the definition of Participating Debt Interest (described above).

In the event that a Security, the interest on which is not exempt from Canadian withholding tax by virtue of its terms, is redeemed, cancelled, purchased or repurchased by the Bank or any other person resident or deemed to be resident in Canada from a Non-resident Holder or is otherwise assigned or transferred by a Non-resident Holder to a person resident or deemed to be resident in Canada for an amount which exceeds, generally, the issue price thereof, the amount of such excess may be deemed to be interest and may, together with any interest that has accrued or is deemed to have accrued on the Security to that time, be subject to Canadian withholding tax if the Security is not considered to be an "excluded obligation" for purposes of the Act. A Security that is not an "indexed debt obligation" (described below) will be an "excluded obligation" for this purpose if it was issued for an amount that is not less than 97% of its principal amount (as defined in the Act), and if the yield from such Security, expressed in terms of an annual rate (determined in accordance with the Act) on the amount for which the Security was issued, does not exceed $\frac{4}{3}$ of the interest stipulated to be payable on the Security, expressed in terms of an annual rate on the outstanding principal amount from time to time. An "**indexed debt obligation**" is a debt obligation the terms and conditions of which provide for an adjustment to an amount

payable in respect of the obligation, for a period during which the obligation was outstanding, that is determined by reference to a change in the purchasing power of money.

There should be no other taxes on income (including taxable capital gains) payable by a Non-resident Holder in respect of the holding or disposition of a Security, including in respect of a redemption, payment on maturity, Bail-in Conversion, cancellation, purchase or repurchase.

Common Shares

Dividends paid or credited, or deemed under the Act to be paid or credited, on Common Shares of the Bank or of any affiliate of the Bank that is a Canadian resident corporation to a Non-resident Holder will generally be subject to Canadian non-resident withholding tax at the rate of 25% on the gross amount of such dividends unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the country in which the Non-resident Holder is resident.

A Non-resident Holder will not be subject to tax under the Act in respect of any capital gain realised on a disposition or deemed disposition of a Common Share unless the Common Share is, or is deemed to be, "taxable Canadian property" of the Non-resident Holder for the purposes of the Act and the Non-resident Holder is not entitled to an exemption under an applicable income tax treaty or convention between Canada and the country in which the Non-resident Holder is resident. For these purposes, a Common Share will constitute "taxable Canadian property" to a Non-resident Holder only if, at any time during the 60-month period immediately preceding the disposition of the Common Share by such Non-resident Holder, (i) 25% or more of the issued Common Shares were owned by one or more of the Non-resident Holder, persons with whom the Non-resident Holder did not deal at arm's length (within the meaning of the Act) and partnerships in which the Non-resident Holder or persons with whom the Non-resident Holder did not deal at arm's length hold a membership interest directly or indirectly through one or more partnerships, and (ii) the Common Share derived more than 50% of its fair market value, directly or indirectly, from any combination of real or immovable property situated in Canada, Canadian resource properties (within the meaning of the Act), timber resource properties (within the meaning of the Act) or options or interests in any such properties or the Common Share was otherwise deemed to be "taxable Canadian property".

The foregoing summary is of a general nature only, and is not intended to be, nor should it be construed as, legal or tax advice to any particular Non-resident Holder. Non-resident Holders should therefore consult their own tax advisors with respect to their particular circumstances.

3. United States Taxation

The following is an overview of certain of the material US federal income tax consequences of the acquisition, ownership and disposition of Securities by a non-US holder that has no connection to the United States other than holding the Securities. For purposes of this section, a "**non-US holder**" is a beneficial owner of Securities that is: (i) a non-resident alien individual for US federal income tax purposes; (ii) a foreign corporation for US federal income tax purposes; or (iii) an estate or trust whose income is not subject to US federal income tax on a net income basis. If a partnership (including any entity treated as a partnership for US federal income tax purposes) holds Securities, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Investors that are not non-US holders or investors that are partnerships, should consult their tax advisers with regard to the US federal income tax considerations of an investment in the Securities.

This summary is based on interpretations of the US Internal Revenue Code of 1986 (the "**Code**"), Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any of those changes may be applied retroactively and may adversely affect the US federal income tax consequences described herein. Investors should consult their own tax advisers concerning the application of US federal income tax laws to their particular situations as well as any consequences of the purchase, beneficial ownership and disposition of Securities arising under the laws of any other taxing jurisdiction.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE US FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SECURITIES.

Withholding Under Section 871(m)

Under section 871(m) of the Code and regulations thereunder, a payment on a financial instrument that directly or indirectly references a US company may be treated as a "dividend equivalent" payment from sources within the United States. Such payments generally will be subject to US withholding tax at a rate of 30 per cent. The regulations provide that a payment includes a dividend equivalent payment whether there is an explicit or implicit reference to a dividend with respect to the underlying security. An underlying security is any interest in an entity if a payment with respect to that interest could give rise to a US source dividend. Certain exceptions may apply to an issue of Securities that references an index that is treated as a "qualified index".

Final regulations and administrative guidance provide that with respect to a financial instrument issued on or after 1 January 2017 and before 1 January 2027, an instrument that has a delta of one with respect to an underlying security will be subject to withholding. With respect to a financial instrument issued on or after 1 January 2027, (a) a "simple" financial instrument that has a delta of 0.8 or greater with respect to an underlying security and (b) a "complex" financial instrument that meets the "substantial equivalence test" with respect to an underlying security will be subject to withholding under section 871(m). The delta of a simple instrument is determined, and the substantial equivalence test for a complex instrument is performed, on the earlier of the date that the financial instrument is priced and the date when the financial instrument is issued; however, the issue date must be used if the financial instrument is priced more than 14 calendar days before it is issued. In addition, the delta or substantial equivalence of Securities that are sold or acquired after their initial issuance may, in certain cases, be required to be retested at the time of sale. If such Securities are determined to be section 871(m) transactions, it is possible that all holders of Securities, including holders of Securities sold at their initial issuance, may be adversely affected if the Issuer or a withholding agent does not, or is unable to, identify and distinguish Securities sold at initial issuance and thereafter.

Certain events may cause previously issued Securities to be deemed to be new issuances for purposes of the effective dates provided in the regulations. For example, it is possible that the IRS could assert that a reconstitution or rebalancing of an underlying basket or index is a significant modification of a Security due to an exercise of discretion with respect to such reconstitution or rebalancing and a deemed reissuance upon the occurrence of such event. It is also possible that US withholding tax could apply to the Securities under these rules if a holder enters, or has entered, into certain other transactions in respect of the underlying equity or the Securities. A holder that enters, or has entered, into other transactions in respect of the underlying or the Securities should consult its own tax advisor regarding the application of section 871(m) to its Securities in the context of its other transactions.

Withholding on payments will be based on actual dividends or, if otherwise notified by the Issuer in accordance with applicable regulations, on estimated dividends used in pricing the Security. If a Security provides for any payments in addition to estimated dividends to reflect dividends on the underlying security, withholding will be based on total payments. If the Securities are subject to withholding under section 871(m), information regarding the amount of each dividend equivalent and any other information necessary to apply the regulations in respect of such Securities will be provided, communicated, or made available to holders of the Securities in a manner permitted by the applicable regulations. Withholding tax may apply even where holders do not receive a concurrent payment on the Securities in respect of dividends on a reference asset. US tax will be withheld on any portion of a payment or deemed payment on the Securities treated as a dividend equivalent.

If payments on the Securities are subject to withholding under section 871(m), the Issuer expects to withhold at 30 per cent. even if a holder is otherwise eligible for a reduction under an applicable treaty. Non-US holders that are entitled to a lower rate of withholding under a tax treaty may be able to claim a refund for any excess amounts withheld by filing a US tax return. However, holders may not receive the necessary information to properly claim a refund for any withholding in excess of the applicable treaty-based amount. In addition, the IRS may not credit a holder for withholding taxes remitted in respect of a Security for purposes of claiming a refund. Finally, a holder's resident tax jurisdiction may not permit the holder to take a credit for US withholding

taxes related to dividend equivalent amounts. The Issuer will not pay any additional amounts with respect to amounts withheld.

The relevant Issue Terms may indicate if the Issuer has determined that a Security is subject to withholding under section 871(m). Although the Issuer's determination generally is binding on holders, it is not binding on the IRS. The IRS may successfully argue that a Security is subject to withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. The section 871(m) regulations are extremely complex. Holders should consult their tax advisors regarding the US federal income tax consequences to them of section 871(m) and regulations thereunder, and whether payments or deemed payments on the Securities constitute dividend equivalent payments.

Bills now pending before the U.S. Congress would add new Section 899, "Enforcement of Remedies Against Unfair Foreign Taxes," to the U.S. Internal Revenue Code ("**Proposed Section 899**"). If Proposed Section 899 is enacted into law in its current form, withholding as a result of payments being treated as "dividend equivalents" may be increased on certain non-U.S. persons with connections to "discriminatory foreign countries."

Foreign Investment in Real Property Tax

Under Section 897 of the Code, commonly referred to as the US Foreign Investment in Real Property Tax Act ("**FIRPTA**"), a Non-US Holder may be subject to US federal income tax on a disposition of a United States real property interest (a "**USRPI**"). Very generally, a USRPI may be an interest in US real property or an interest in a United States real property holding corporation (a "**USRPHC**") within the meaning of Section 897 of the Code. However, an interest in a USRPHC that does not exceed generally 5 per cent. (10 per cent. in the case of a real estate investment trust) of the corporation's regularly traded stock is not a USRPI, after taking into account shares or interests of the underlying issuer that are directly, indirectly or constructively owned by such Non-US Holder. In addition, holding Securities may also impact the taxation of such other shares or interests.

The Issuer will not attempt to ascertain whether an issuer of reference shares, or an issuer of shares that are components of an index or basket, is a USRPHC. If a Security is a USRPI, any gain from the disposition thereof generally would be subject to US federal income tax and required to be reported by the Non-US Holder on a US federal income tax return, and the amount realised on such disposition would in certain cases be subject to withholding at a rate of 15 per cent. Even if the Issuer does not withhold, there can be no assurance that a withholding agent will not withhold in respect of a Security. A Non-US Holder may have US income tax liability that exceeds amounts withheld, if any. Neither the Issuer nor a withholding agent will pay any additional amounts in respect of amounts withheld or any tax liability arising under section 897 of the Code. Non-US Holders should consult with their tax advisors regarding the application of section 897 to an investment in the Securities. If Proposed Section 899 is enacted into law in its current form, withholding under FIRPTA may be increased on certain non-U.S. persons with connections to "discriminatory foreign countries."

US Federal Estate Tax

Securities may be subject to US federal estate tax if an individual holds the Securities at the time of his or her death. The gross estate of a holder domiciled outside the United States includes only property situated in the United States. Holders should consult their tax advisors regarding the US federal estate tax consequences of holding the Securities at death.

Backup Withholding and Information Reporting

A holder may be subject to backup withholding with respect to certain amounts paid to such holder unless it provides a correct taxpayer identification number, complies with certain certification procedures establishing that it is not a US person or establishes proof of another applicable exemption, and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. A holder can claim a credit against its US federal income tax liability for amounts withheld under the backup withholding rules, and amounts in excess of its liability are refundable if such holder provides the required information to the IRS in a timely fashion. A holder may also be subject to information reporting to the IRS

with respect to certain amounts paid to such holder unless it (1) provides a properly executed IRS Form W-8 (or other qualifying documentation) or (2) otherwise establishes a basis for exemption. If such withholding applies, the Issuer will not be required to pay any additional amounts with respect to amounts withheld.

FATCA

Under sections 1471 through 1474 of the Code, any final current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code, or any US or non-US fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code or any other non-US tax information reporting regimes ("**FATCA**"), a 30 per cent. withholding tax may be imposed on "withholdable payments" and certain "passthru payments" made to (i) a "foreign financial institution" unless the financial institution complies with, among other things, certain information reporting and withholding obligations with respect to its accounts in accordance with applicable rules, and (ii) any other holder or beneficial owner that does not comply with the Issuer's or an intermediary financial institution's request for ownership certifications and identifying information. The failure to provide such information, or the failure of certain non-US financial institutions to comply with FATCA, may compel the Issuer or an intermediary to withhold 30 per cent. on payments on the Securities to such holders. Neither the Issuer nor any other person will pay any additional amounts with respect to such withholding.

Withholding under FATCA applies currently to "withholdable payments" and with respect to "foreign passthru payments," will apply no earlier than the date that is two (2) years after the date on which final US Treasury regulations defining "foreign passthru payments" are published. In the case of "foreign passthru payments", this withholding would potentially apply to payments in respect of any Securities that are not "grandfathered obligations." A grandfathered obligation includes any obligation that is executed on or before the date that is six (6) months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, and such obligation is not materially modified after such date. If a Security gives rise to "withholdable payments" solely because such Security is treated as giving rise to dividend equivalent payments under Section 871(m) (discussed above), such Securities are generally considered grandfathered obligations if executed on or prior to the date that is six months after the date on which obligations of its type are first treated as giving rise to dividend equivalent payments. If any Securities are treated as grandfathered obligations, and additional Securities of the same series issued later in time are not treated as grandfathered obligations, there may be negative consequences for the existing earlier issued Securities, including a negative impact on market price.

No assurance can be given that payments on the Securities will not be subject to withholding under FATCA. Investors should consult their own tax advisors to determine how FATCA may affect an investment in the Securities in their particular circumstance.

PURCHASE AND SALE

No representation is made that any action has been or will be taken by the Issuer or any Dealer in any jurisdiction that would permit a public offering of any of the Securities or possession or distribution of the Base Prospectus or any other offering material or any Issue Terms in relation to any Securities in any country or jurisdiction where action for that purpose is required (other than actions by the Issuer to meet the standards of completeness, comprehensibility and consistency of the EU Prospectus Regulation for offerings contemplated in this Base Prospectus and/or the Final Terms). No offers, sales, resales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made by any Dealer appointed by the Issuer or any other offeror in or from any jurisdiction and/or to any individual or entity except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or the relevant Dealer.

Subject to the restrictions and conditions set out in this Base Prospectus, the categories of Investors to which the Securities are intended to be offered are retail and institutional investors.

1. EEA Retail Investors

Unless the Issue Terms in respect of the relevant Securities specifies 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Notwithstanding the above paragraph, in the case where the Issue Terms in respect of any Securities does not specify "Prohibition of Sales to EEA Retail Investors" to be not applicable but where the Issuer or the relevant Dealer subsequently prepares and publishes a key information document under the EU PRIIPs Regulation in respect of such Securities, then following such publication, the prohibition on the offering, sale or otherwise making available the Securities to a retail investor in the European Economic Area as described in the above paragraph and in such legend shall no longer apply in relation to a member state whose requirements for a key information document in relation to the relevant Securities have been satisfied.

2. Selling Restrictions

2.1 General

The selling restrictions may be modified by the agreement of the Issuer and any relevant Dealer, including following a change in a relevant law, regulation or directive.

Other than as expressly described in this Base Prospectus, no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Base Prospectus or any other offering material or any Issue Terms, in any country or jurisdiction where action for that purpose is required.

Each offeror named in the Final Terms will be required to agree that it will comply with all relevant laws, regulations and directives, and obtain all relevant consents, approvals or permissions, in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Base Prospectus,

any other offering material or any Final Terms, and neither the Issuer nor the relevant Dealer shall have responsibility therefor.

The Securities may not be offered or sold to any person in breach of any sanctions programme applicable to the relevant Dealer or the Issuer or implemented by the relevant Dealer or the Issuer, including, without limitation, sanctions administered or enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**") or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), the United Nations Security Council ("**UNSC**"), the European Union, His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority, including any sanctions to prevent the circumvention of international sanctions in connection with the situation in Crimea and Ukraine (collectively, the "**Sanctions**").

No investor in the Securities

- shall be a sanctioned person or owned more than 50% by a sanctioned person
- shall be located, organised or resident in a country or territory that is the subject or the target of Sanctions (each, a "**Sanctioned Country**");
- undertakes any material business with the government of, or any person, entity or other party located, domiciled, resident or incorporated in a Sanctioned Country;
- will, directly or indirectly, use the proceeds resulting from the Securities, or lend, contribute or otherwise make available such proceeds to any entity, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person of Sanctions; and

for the past five years, has knowingly engaged in and is now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

2.2 European Economic Area

If the Final Terms specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Relevant State**"), each offeror appointed pursuant to the Programme will be required to represent and agree that it has not made and will not make an offer of Securities 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 Member State except that it may make an offer of such Securities to the public in that Relevant State:

- (a) if the Final Terms expressly specifies that an offer of those Securities may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the EU Prospectus Regulation, 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 Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the offeror(s) nominated by the Issuer for any such offer; or

(d) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Securities referred to in (c) to (e) above shall require the Issuer or the relevant Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression '**an offer of Securities to the public**' in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

2.3 Prohibition of sales to EEA Investors

If the Issue Terms in respect of the Securities specifies the 'Prohibition of Sales to EEA Retail Investors' as 'Applicable', each offeror appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any EEA Retail Investor in the EEA. For the purposes of this provision:

- (a) the expression "**EEA Retail Investor**" means a person who is one (or more) of the following:
 - (i) *a retail client as defined in point (11) of Article 4(1) of MiFID II; or*
 - (ii) *a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or*
 - (iii) *not a qualified investor as defined in EU Prospectus Regulation; and*
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

3. France

Each offeror appointed under the Programme will be required to represent and agree that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Securities and the distribution in France of this Base Prospectus or any other offering material relating to the Securities.

For selling restrictions in respect of France, see "European Economic Area" above.

4. Germany

For selling restrictions in respect of Germany, see "European Economic Area" above.

5. Japan

No registration pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "**FIEA**") has been made or will be made with respect to the Securities. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan (as defined under Article 6, Item 5 of the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949 of Japan, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise under circumstances which will result in compliance with,

the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

6. Taiwan

Each Dealer acknowledges that the Securities have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan pursuant to relevant securities laws and regulations. Accordingly, each Dealer represents, warrants and agrees that it has not offered or sold, and will not offer or sell, any Securities within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan.

7. Hong Kong

This document has not been reviewed by the Securities and Futures Commission of Hong Kong, nor has a copy of it been registered by the Registrar of Companies in Hong Kong.

Each offeror of the Securities has represented, warranted and agreed that

- (a) it has not offered or sold and will not offer and sell such Securities in Hong Kong (excluding Securities defined as "structured securities" in the Securities and Futures Ordinance (Cap. 571) of Hong Kong), by means of any document, to any person other than to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities issued under this Base Prospectus which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities issued under this Base Prospectus which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

8. Ireland

Each offeror appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Securities, or do anything in Ireland in respect of the Securities, otherwise than in conformity with the provisions of:

- (a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), including, without limitation, Regulation 5 (Requirement for authorisation and certain provisions concerning MTFs and OTFs) thereof, any rules and codes of conduct made thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Irish Central Bank Acts 1942 – 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) the EU Prospectus Regulation (2017/1129/EU), Commission Delegated Regulation (EU) 2019/980 (PR Regulation), Commission Delegated Regulation (EU) 2019/989 (RTS Regulation), the European Union (Prospectus) Regulations 2019 (S.I. No. 380 of 2019) (each, as amended) and any rules and guidance issued under Section 1363 of the Companies Act 2014 by the Central Bank of Ireland;

- (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 and any rules and guidance issued under Section 1370 of the Companies Act 2014 by the Central Bank of Ireland;
- (e) the Companies Act 2014 (as amended);
- (f) in relation to any Securities with a maturity of less than one year, the terms of the Central Bank of Ireland's implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or updated from time to time) issued pursuant to Section 8(2) of the Irish Central Bank Act 1971 (as amended); and
- (g) Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance based investment Securities (PRIIPs).

9. Italy

The offering of the Securities has not been registered and will not be registered pursuant to Italian securities legislation and therefore no Securities have been or will be offered, sold, promoted, advertised or otherwise made available, directly or indirectly, whether upon their initial issue or in any subsequent sale or transfer, in the Republic of Italy by the Issuer and/or the Dealer or on their behalf nor may copies of the Base Prospectus, any Issue Terms or any other document or offering material relating to the Securities be issued, distributed, made available or advertised in the Republic of Italy.

10. Spain

Each offeror appointed under the Programme will be required to represent and agree that it undertakes to comply with applicable Spanish laws and regulations in force regarding the offer, the placement or the sale of the Securities and the distribution in Spain of this Base Prospectus or any other offering material relating to the Securities.

11. Sweden

Each offeror appointed under the Programme will be required to represent and agree that it undertakes to comply with applicable Swedish laws and regulations in force regarding the offer, the placement or the sale of the Securities and the distribution in Sweden of this Base Prospectus or any other offering material relating to the Securities.

For selling restrictions in respect of Sweden, see "European Economic Area" above.

12. Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Securities may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**")), and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Securities, and that it has not distributed, and will not distribute, any prospectus memorandum, information circular, brochure or any similar documents in relation to the Securities, directly or indirectly, to any Belgian Consumer.

13. Singapore

Each Dealer has acknowledged and each offeror appointed under the Programme will be required to acknowledge that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each offeror appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it

circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than to: (i) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time ("**SFA**")) pursuant to Section 274 of the SFA or (ii) an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

14. Switzerland

If the relevant Issue Terms in respect of any Securities specifies "Swiss Non-Exempt Public Offer" as "No":

- (a) the Securities may not be publicly offered, directly or indirectly, to private clients in Switzerland within the meaning of the Financial Services Act ("**FinSA**"), and neither this document nor the Base Prospectus and Issue Terms nor any documents related to the Securities shall constitute a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland; and
- (b) such Securities may only be offered in Switzerland
 - (i) in circumstances falling within the exemptions listed in article 36 para. 1 FinSA, such as for example
 - (A) an offer only to professional clients within the meaning of the FinSA; or
 - (B) an offer to fewer than 500 investors; or
 - (C) an offer of Securities having a denomination or minimum investment of CHF 100,000 (or equivalent in another currency) or more;
 - (ii) or where such offer does not qualify as a public offer in Switzerland.

If so specified in the relevant Issue Terms, the Securities may not be offered to investors in Switzerland who qualify as private clients within the meaning of article 4 FinSA and who have to be provided with a basic information sheet pursuant to article 8 FinSA, respectively.

15. United Kingdom

Prohibition of sales to UK Retail Investors: If the Issue Terms in respect of the Securities specifies the 'Prohibition of Sales to UK Retail Investors' as 'Applicable', each offeror appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 of the United Kingdom (as amended, the "**EUWA**"); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(iii) *not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and*

- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

No prohibition of sales to UK Retail Investors: If the Issue Terms specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each offeror appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Securities to the public in the United Kingdom:

- (a) if the Issue Terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Securities which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, 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 Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the offeror(s) nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or the relevant Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation or the ISM Rulebook, as applicable.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended) as it forms part of UK domestic law by virtue of the EUWA and regulations made thereunder.

Other regulatory restrictions: Each offeror has represented and agreed, and each further offeror appointed under this Programme will be required to represent and agree that:

- (a) *Deposit Taking:* in relation to any Securities 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 the Securities 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 Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) *Financial Promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or

sale of any Securities in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

- (c) *General Compliance*: it has complied and will comply with all applicable provisions of the FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

16. Canada

No prospectus in relation to the Securities has been filed with the securities regulatory authority in any province or territory of Canada. The Securities have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory of Canada. Each Dealer represents and agrees that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Securities, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof (i) without the prior written consent of the Issuer; and, (ii) if such consent is granted, in contravention of the securities laws of Canada or any province or territory of Canada. Securities offered in Canada may be subject to additional Canadian selling restrictions as the Issuer and the relevant Dealer may agree. Each Dealer agrees that it will offer, sell or distribute such Securities only in compliance with such additional Canadian selling restrictions and only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made. Each Dealer agrees not to distribute or deliver the Base Prospectus, or any other offering material or advertisement relating to the Securities, in Canada (i) without the prior written consent of the Issuer; and, (ii) if such consent is granted, in contravention of the securities laws of any province or territory of Canada.

17. United States of America

17.1 US Tax Selling Restrictions

Securities issued in bearer form for US tax purposes ("**Bearer Instruments**") with respect to which the Issue Terms specifies that they are subject to US Treasury Regulation section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the US Internal Revenue Code of 1986, as amended, (the "**Code**")) (the "**D Rules**") may not be offered, sold or delivered within the United States or its possessions or to a United States person except as permitted under the D Rules.

The Issuer and each offeror named in a set of Final Terms will be required to represent and agree that in addition to the relevant US Securities Selling Restrictions set out below:

- (a) except to the extent permitted under the D Rules, (x) it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Instruments to a person who is within the United States or its possessions or to a United States person and (y) the offeror has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Instruments that will be sold during the restricted period;
- (b) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Instruments are aware that Bearer Instruments may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);
- (c) if it is a United States person, it is acquiring the Bearer Instruments for purposes of resale in connection with their original issuance, and, if it retains Bearer Instruments for its own account, it will do so in accordance with the requirements of the D Rules;
- (d) with respect to each affiliate or distributor that acquires Bearer Instruments from the offeror for the purpose of offering or selling such Bearer Instruments during the restricted period, the offeror either repeats and confirms the representations and agreements contained in sub-clauses (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor

for the benefit of the Issuer and the offeror the representations and agreements contained in such sub-clauses; and

- (e) it has not entered into and agrees that it will not enter into any written contract (other than confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another offeror) has offered or sold, or during the restricted period will offer or sell, any Bearer Instruments except where pursuant to the contract the offeror has obtained or will obtain from that party, for the benefit of the Issuer and the offeror, the representations contained in, and that party's agreement to comply with, the provisions of sub-clauses (a), (b), (c) and (d).

Terms used in the paragraphs above shall, unless the context otherwise requires, have the meanings given to them by the Code and the US Treasury Regulations thereunder, including the D Rules.

To the extent that the Issue Terms relating to Bearer Instruments specify that the Securities are subject to US Treasury Regulation section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the "**C Rules**"), such Bearer Instruments must be issued and delivered outside the United States and its possessions in connection with their original issuance by an issuer that (directly or indirectly through its agents) does not significantly engage in interstate commerce with respect to the issuance. Each offeror named in a set of Issue Terms will be required to represent and agree that: (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any such Bearer Instruments within the United States or its possessions within the United States or its possessions; (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions; and (iii) it will not otherwise involve its US office in the offer and sale of such Bearer Instruments. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules.

Unless 'Not Applicable' is specified in respect of "**US Tax Selling Restriction**" in the applicable Issue Terms, Global Securities at Euroclear/Clearstream, Definitive Securities at Euroclear/Clearstream, and any Coupons and Talons attached thereto will contain a legend to the following effect:

"Any United States Persons (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287 (a) of the Internal Revenue Code of 1986, as amended."

17.2 US Securities Selling Restrictions

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**") ("**U.S. persons**"), except in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. Trading in the Securities has not been approved by the US Commodities Futures Trading Commission under the US Commodity Exchange Act of 1936, as amended, and the rules and regulations promulgated thereunder. Terms used in this section (*US Securities Selling Restrictions*) shall, unless the context otherwise requires, have the meanings given to them by Regulation S.

Each offeror named in the Issue Terms will be required to represent and agree that it has not offered and sold and will not offer or sell Securities (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after the completion of the distribution of an identifiable tranche of which such Securities are part, as determined and certified to the Dealer(s) by such offeror (in the case of a non-syndicated issue) or the relevant offeror (in the case of a syndicated issue, who shall notify the managers when all managers participating in that syndicated issue have so certified in respect of the Securities purchased by or through it), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to the offeror to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Neither the offeror nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage

in any directed selling efforts with respect to the Securities, and the offeror, its affiliates and all persons acting on its or their behalf have complied and will comply with any applicable offering restrictions requirement of Regulation S.

In addition, until 40 calendar days after the completion of the distribution of an identifiable tranche of Securities, any offer or sale of Securities within the United States by any offeror (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

The Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of Securities outside the United States and for the listing of Securities on the relevant stock exchange. The Issuer and any offeror reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. The Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of the Base Prospectus by or to any U.S. person within or outside the United States is unauthorised, and any disclosure without the prior written consent of the Issuer of any of its contents to any of such U.S. person or other person within the United States is prohibited.

17.3 US Retirement Plan Selling Restrictions

The Securities may not be sold or transferred to, and each acquirer by its acquisition of Securities shall be deemed to have represented and covenanted that it is not acquiring and will not hold the Securities for or on behalf of, or with the assets of, and will not transfer Securities to, any employee benefit plan, as defined in section 3 of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that is subject to Title I of ERISA, any plan or arrangement that is subject to section 4975 of the Code, an entity or account the assets of which are considered plan assets of such a plan or arrangement, or a governmental, church or other plan subject to any law or regulation substantially similar to Title I of ERISA or section 4975 of the Code.

IMPORTANT ADDITIONAL LEGAL INFORMATION

1. Responsibility

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Issue Terms. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus and any Issue Terms is in accordance with the facts and contains no omission likely to affect its import.

2. Public Offers and Consent

2.1 Public Offers

Certain Securities may, subject as provided below, be subsequently resold, finally placed or otherwise offered by financial intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the EU Prospectus Regulation. Any such resale, placement or offer is referred to in this Base Prospectus as a 'Public Offer'. Any person making or intending to make a Public Offer of Securities must do so only with the consent of the Issuer and subject to and in accordance with the relevant conditions to such consent – see '*Consent to the use of this Base Prospectus*' below.

Other than as set out immediately below, neither the Issuer nor any Dealer has authorised (nor do they authorise or consent to the use of this Base Prospectus (or Final Terms) in connection with) the making of any Public Offer of Securities by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer, any Dealer or Authorised Offerors (as defined below) and none of the Issuer, any Dealer or Authorised Offerors has any responsibility or liability for the actions of any person making such offers. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer or Authorised Offerors accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. Any persons to whom an offer of any Securities is made should enquire whether a financial intermediary is an Authorised Offeror.

2.2 Consent to the use of this Base Prospectus

In connection with a Public Offer of Securities as described in the Final Terms, the Issuer consents or (in the case of (ii) (*General Consent*)) offers to grant its consent to the use of this Base Prospectus (as supplemented from time to time) and Final Terms (and accepts responsibility for the information contained in this Base Prospectus (as supplemented from time to time) and Final Terms in relation to any person who purchases Securities in such Public Offer made by an Authorised Offeror) by or to (as applicable) each of the following financial intermediaries, in each case subject to compliance by such financial intermediary with the Conditions to Consent (as described below) (each, an "**Authorised Offeror**"):

- (a) **Specific Consent:** each financial intermediary which either:
 - (i) *is expressly named as an Initial Authorised Offeror in the Final Terms; or*
 - (ii) *is expressly named as an Authorised Offeror on the website of the Issuer: (www.nbc.ca) (in which case, its name and address will be published on the website of the Issuer); and*
- (b) **General Consent:** if Part C of the Final Terms specifies 'General Consent' as applicable, each financial intermediary which both:
 - (i) *is authorised to make such offers under Directive 2014/65/EU (as amended, "**MiFID II**")*; and
 - (ii) *if such confirmation is requested by the Issuer or the relevant Dealer, accepts the offer by the Issuer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):*

'We, [specify name of financial intermediary], refer to the offer of [specify title of Securities] (the "**Securities**") described in the Final Terms dated [specify date] (the "**Final Terms**") published by National Bank of Canada acting through its Montréal Branch (the "**Issuer**"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the Public Offer of the Securities in the Public Offer Jurisdiction(s) during the Offer Period and subject to and in accordance with the conditions set out in the Final Terms and Base Prospectus, we accept the offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Base Prospectus in connection with, the Public Offer accordingly. Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Base Prospectus and Final Terms.'

The consent of the Issuer referred to in (i) and (ii) above is subject to compliance by the relevant financial intermediary with the following conditions (the "**Conditions to Consent**"):

- (a) **Public Offer Jurisdiction(s)**: the Public Offer is only made in those jurisdictions as specified in the Final Terms (the "**Public Offer Jurisdiction(s)**"); Offer Period: the Public Offer is only made during the offer period specified in the Final Terms (the "**Offer Period**"); and
- (b) **Other**: each of the other conditions (if any) provided in the Final Terms.

The consent referred to above relates to Offer Periods occurring within twelve (12) months from the date of this Base Prospectus.

The Issuer may give consent to one or more additional Authorised Offerors in respect of a Public Offer after the date of the Final Terms, discontinue or change the Offer Period, and/or remove or add conditions to consent and, if it does so, such information will be published at: www.nbc.ca and by way of notice which will be available on the Luxembourg Stock Exchange website (www.luxse.com). Any new information with respect to Authorised Offerors unknown at the time of the approval of this Base Prospectus or the filing of the Final Terms will be published and can be found at: www.nbc.ca.

Neither the Issuer nor the relevant Dealer has any responsibility for any of the actions of any Authorised Offeror, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to an offer.

Any offer or sale of Securities to an investor by an 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. It will be the responsibility of the applicable financial intermediary at the time of such offer to provide the investor with that information and neither the Issuer nor the relevant Dealer or other Authorised Offeror has any responsibility or liability for such information.

Any Authorised Offeror falling within (ii) (*General Consent*) above using this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.

3. Approval and passporting of the Base Prospectus

This Base Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "CSSF"), as competent authority under the EU Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency of the information given in the Base Prospectus, but not concerning the accuracy of that information, imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities. Such approval relates only to Securities which are to be offered to the public in any Member State of the European Economic Area.

On the approval of this Base Prospectus as a base prospectus for the purpose of Article 8(1) of the EU Prospectus Regulation by the CSSF, notification of such approval (passporting) has been made to the competent authority of France, Spain, Ireland, Sweden, Germany and Portugal and the Issuer may request that the CSSF make further notifications to additional competent authorities on or after the date hereof.

An electronic copy of this Base Prospectus will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). Copies of the Admissions Particulars and the Pricing Supplements for ISM Securities will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline "Publication of Prospectus".

Aspects relating to specific customer goals and needs, such as an environmental, social or sustainable investment

With respect to Securities issued with environmental, social or sustainable objectives, such as an environmental, social or sustainable investment or considerations of principal adverse impacts on sustainability factors, no guarantee or representation can be made that these objectives are appropriate for an investor's objectives, needs or investment criteria and its preferences. The target market defined by the Issuer as the manufacturer of the Security may provide for certain Securities to meet specific client needs, characteristics and objectives, such as "sustainable", "ecological", "ESG" (Environmental, Social and Governance) related objectives which, in the case of an "environmental" or "green" or "sustainable" investment, may also be capable of making a significant contribution to a particular environmental objective for a particular economic activity ("**ESG Contribution**"). Investors should take into account the information contained in the relevant target market about the specific objectives of a Security, and should determine themselves the relevance of such information for the purposes of investing in such Securities, as well as undertake any other investigation that the investor deems necessary. In particular, the Issuer gives no assurance that the identification of client needs, characteristics and objectives will fully or partially satisfy an investors' current or future preference or requirements for investment criteria or policies that the investor or its investments must comply with, whether as a result of current or future laws or regulations or its own statutes or other regulations or mandates, particularly in relation to direct or indirect environmental, sustainability or social impacts of projects or uses that are the subject of or form part of an ESG Contribution.

Furthermore, it should be noted that there is currently no clearly defined term (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "sustainable", "social" or an equivalently-labelled objective or as to what precise attributes are required for a particular objective to be defined as "green", "social", "sustainable" or such other equivalent label. The area of sustainable finance is and continues to be, the subject of many and wide-ranging voluntary and regulatory initiatives to develop rules, guidelines, standards, taxonomies and objectives, for example in respect of environmental sustainable investments the EU Taxonomy Regulation and the EU Green Bond Standard. Even if any voluntary standard or a regulatory framework standardises the terms "green", "social" or "sustainable", these standards do not necessarily apply to the Securities and the Issuer does not necessarily plan to seek compliance for any of the Securities with all or some of such rules, guidelines, standards, taxonomies or objectives. Accordingly, there can be no assurance to investors that objectives or uses that are the subject of, or related to, an ESG Contribution will meet investors' preferences of such "green", "sustainable", "environmental", "ESG" or other similarly labelled objectives, or that there will be no negative environmental, social and/or other impacts during the life of a particular Security, the conduct of an economic activity or the use of the subject of an ESG Contribution, or in connection therewith.

No guarantee or representation is given in connection with the suitability or admissibility for any purpose of any classification or certification by a third party (whether or not requested by the Issuer) that may be provided in connection with the issue of Securities and in particular with an ESG Contribution to the fulfilment of environmental, sustainability, social and/or other criteria. For the avoidance of doubt, such classification or certification shall not be included in and/or form part of the Base Prospectus. Such classification or certification does not constitute, and should not be construed as a recommendation by the Issuer or any other person to buy, sell or hold such Securities. Any such classification or certification is only valid at the time of the first issuance of the opinion. Investors must determine for themselves whether such classification or certification and/or the

information contained therein and/or the provider of such classification or certification is relevant for the purposes of investing in such Securities. Currently, providers of such classifications and certifications are not subject to any specific regulatory or other system or supervision. See section "Sustainable Securities" below for information on the Issuer's Framework.

4. Type of Securities

The Securities have redemption terms that are linked to one or more Underlyings and will be 'derivative securities' for the purposes of the EU Prospectus Regulation (and, as such, specific items of information will be included in this Base Prospectus that may not be included for Securities that are not 'derivative securities').

No equity securities falling under Article 19 (Securities that are exchangeable for or convertible into shares) of Commission Delegated Regulation (EU) 2019/980 (as amended) will be issued under this Base Prospectus.

No Securities issued under this Base Prospectus are securities linked to any index composed by the Issuer or any legal entity belonging to the Issuer's group.

5. Hyper-links to websites

For the avoidance of doubt, the content of any website to which a hyperlink is provided shall not form part of this Base Prospectus. The information on any of the websites to which a hyperlink is provided has not been scrutinised or approved by the CSSF in its role as competent authority.

6. Post-issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any of the Securities or the performance of any Underlying or any other underlying relating to Securities, except if required by any applicable laws and regulations.

7. No investment advice

Neither this Base Prospectus nor any Issue Terms is or purports to be investment advice. Unless expressly agreed otherwise with a particular Investor, none of the Issuer or any Dealer is acting as an investment adviser, providing advice of any other nature, or assuming any fiduciary obligation to any Investor in the Securities.

8. Independent evaluation

Nothing in this Base Prospectus is intended to provide the basis of any credit or other evaluation (except in respect of any purchase of the Securities described herein) or should be considered as a recommendation by the Issuer or any Dealer that any recipient of this Base Prospectus (or any document referred to herein) should purchase any Securities.

Investors should not purchase any Securities unless they understand the extent of their exposure to potential loss. Investors are urged to read the risk factors described in the section of this Base Prospectus entitled "*Risk Factors*", together with the other information in this Base Prospectus (including any information incorporated by reference), as supplemented from time to time, and the Issue Terms, before investing in the Securities.

Investors should note that the risks described in the section in this Base Prospectus entitled "*Risk Factors*" are not the only risks that the Issuer faces or that may arise because of the nature of the Securities. The Issuer has described only those risks relating to its operations and to the Securities that the Issuer considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware.

Given the nature, complexity and risks inherent in the Securities (and investments relating to the type of Underlying(s)), the Securities may not be suitable for investors' investment objectives in light of their financial position. Investors should consider seeking independent advice to assist them in determining whether the

Securities are a suitable investment for them and to assist them in evaluating the information contained or incorporated by reference in this Base Prospectus or set out in the Issue Terms.

9. Securities with offer periods continuing beyond the validity of the 2024 Base Prospectus

In accordance with article 8(11) of the EU Prospectus Regulation, the Issuer may continue under the Base Prospectus an offer to the public of Securities begun under the 2024 Base Prospectus, even after the expiry of the validity of the 2024 Base Prospectus, if the respective offer has been maintained without interruption since its start.

The Base Prospectus shall serve as the succeeding base prospectus within the meaning of article 8(11) sentence 1 of the EU Prospectus Regulation of the 2024 Base Prospectus for the Securities with ISIN XS3079602903 (the "**Legacy Products**").

The Final Terms of the Legacy Products published under the 2024 Base Prospectus are applicable to the continued public offer and shall be read, in addition to the other information contained in the Base Prospectus, together with the terms and conditions of the Securities and the Form of Final Terms / Pricing Supplement from the 2024 Base Prospectus, which are incorporated by reference into this Base Prospectus. A list setting out all information incorporated by reference is provided in the section "Information Incorporated by Reference" below. Reference is hereby made to the Final Terms of the Legacy Products.

The Final Terms of the Legacy Products can be found on the website <https://nbcstructuredolutions.ca/european-notes/>.

SUSTAINABLE SECURITIES

If specified in the applicable Issue Terms for a particular issuance of Securities, the proceeds of such issue of the Securities will be used for the financing and/or refinancing, in whole or in part, of future or existing green and/or social eligible businesses and green and/or social eligible projects, including the Bank's own operations, that fall within the Eligible Categories (as defined below) in accordance with the Issuer's self-binding National Bank of Canada Sustainability Bond Framework 2022 (as may be amended and updated from time to time) available on the following webpage: <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-framework-2022.pdf> (the "**Framework**" and such Securities "**Sustainable Securities**").

The Framework has been prepared in alignment with the International Capital Market Association's (ICMA) Sustainability Bond Guidelines (SBG) published in June 2021, applying both the ICMA Green Bond Principles (GBP) and the ICMA Social Bond Principles (SBP) (together the "**Principles**" for sustainability bonds intended to finance or re-finance a combination of both green and social Eligible Categories. The Principles are a collection of voluntary frameworks with the stated mission and vision of promoting the role that global debt capital markets can play in financing progress towards environmental and social sustainability and outline best practices when issuing Sustainable Securities.

ICMA Sustainability Bond Guidelines (SBG) confirm the relevance of the Principles in the context of Sustainable Securities. The common four core components of the GBP and SBP (*i.e.* Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) and the use of external reviews therefore also apply to Sustainability Securities and the Framework.

The Framework addresses these four core components of the Principles for the issuance of Sustainable Securities and its recommendations on the use of external reviews and reporting:

- Use of Proceeds
- Project Selection and Evaluation Process
- Management of Proceeds
- Reporting

Under the Framework, the Issuer may also decide to issue Sustainable Securities as "green bonds" or "social bonds" only, *i.e.* then only based on the GBP or SBP, as specified in the Issue Terms. Sustainable Securities that apply both the GBP and SBP will be specified in the Final Terms as "sustainability bonds".

"**Eligible Categories**" under the Framework will consist of the following categories (all as more fully described in the Framework as modified and updated from time to time).

A project labelled "green", "social" or "sustainable" may contain one or more of the associated Eligible Categories.

	Labelled project(s)	Eligible Categories	Eligibility Criteria
Sustainable	Green	Renewable Energy	Generation, transmission and distribution of energy from renewable sources, including investments for acquisition, operation, maintenance and improvements.
			Manufacturing of components and technologies supporting or

			required for renewable energy projects. - Eligible types of renewable energy: Wind ; Solar; Geothermal with direct emissions < 100gCO₂e/kWh; Tidal; - Hydropower: small scale hydro (<25 MW), run of river plants and upgrade of existing hydro assets; - Waste biomass and renewable biofuels whose sources include sustainable feedstock. Sustainable feedstock may include nuisance plants, crop waste or biomass grown specifically for energy harvesting usually on land no longer suitable for crops that would become food. The only timber feedstock allowed is waste wood. Direct emissions < 100gCO₂e/kWh.
		Energy Efficiency	Activities that reduce energy consumption or mitigate greenhouse gas (GHG) emissions by more than 30% or help manage and store energy. Management and storage activities must be related to energy sourced from eligible types of renewable energy or with direct emissions < 100gCO₂e/kWh. - Energy storage systems (including electromechanical storage such as flywheel, thermal, pneumatic); - Energy efficient district heating and cooling systems; - Smart grid investments for more efficient electricity transmission and distribution, and reduction of transmission losses. Transmission lines with a dedicated connection to a power production plant with energy sourced from eligible

			types of renewable energy or with direct emissions < 100gCO ₂ e/kWh.
		Pollution Prevention and Control	Construction, development, operation, acquisition and maintenance of land, facilities, systems or equipment used for activities that contribute to soil remediation, waste prevention and collection and waste reduction such as: - Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions; - Collection, treatment/remediation, recycling or reuse of emissions, waste or contaminated soil; - Methane capture projects used for energy generation or captured from closed/decommissioned landfill with high gas capture efficiency of 75% or more where the landfill is not accepting further waste (with the exception of restoration materials).
		Sustainable Water and Wastewater Management	Activities that improve water quality, efficiency and conservation such as: - Water and/or wastewater collection, treatment and supply systems, where no net GHG emissions are expected; - Improved water efficiency through reduced leakage by at least 20%; - Plants and/or systems which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons); - Other sustainable water and/or wastewater management measures including, water

			purification, water saving, water conservation and the re-use of water.
		Sustainable Buildings	Construction, development, operation, acquisition and maintenance of buildings that either have recognized green/social third-party certifications and/or a specific track record in reducing GHG emissions: - Certified green buildings that have received, or expect to receive based on their design, construction and operation plans, recognized environmental standards such as LEED – gold or platinum, BREEAM – excellent or outstanding, BOMA BEST – gold or platinum or equivalent - Buildings with GHG performance in the top 15% of their city based on third-party assessment; - Energy efficient investments in new or refurbished buildings such as lighting, retrofit, building envelope, or upgrade of air conditioning subject to a minimum of 30% improvement threshold in the primary energy demand of the building.
		Low-Carbon Transportation	Manufacturing, construction, development, operation, acquisition and maintenance of vehicles, rolling stock and infrastructure for low-carbon passenger, goods and freight transport: - Electric, fuel cell-based or non-motorized vehicles or transportation systems.
	Social	Affordable Housing	Projects aimed at developing and renovating the social housing that promote social requirements and contribute to access to low-income residents

			Promote the creation of affordable community housing in Canada targeted to low- or modest-income households and/or for people with special housing needs, which increases access to safe, affordable and sustainable housing through public programs.
		Access to Basic and Essential Services	Projects intended for target population that enhance access to essential services by enabling the provision of not-for-profit, free or subsidized services, including: Health services; Day care services; Childcare centres; Community welfare; Education; Social Housing; Training centres; Rehabilitation of parks and other public spaces. These programs aim to provide access to basic and essential quality services to the entire population. Universality and accessibility are pillars of our Canadian social system and fundamental in the preservation of life, health and social functioning of our communities.
		Loans to Small and Medium-sized Enterprises ("SMEs")	Small and medium-sized enterprises located in deprived economic zones, in Canada demonstrating weaknesses measurable by economic indicators locally. More specifically, support communities with an observable disadvantage in terms of employment, household income or with significant government transfers.

Where a business derives 90 per cent. or more of its revenues from activities in Eligible Categories, it will be considered as eligible for an allocation of the proceeds of Sustainable Securities. In such instances, the use of proceeds can be used by the business for general purposes, so long as this financing does not fund expansion into activities that are excluded from the Eligible Categories.

The proceeds of Sustainable Securities will not be knowingly allocated to any business or project where most of its activities are covered by one or more of the following sectors: weapons, gambling, pornography, predatory lending and tobacco. For loans to SMEs, additional exclusions may apply in accordance with the Bank's Social Economic Loan Selection Methodology, which will be available on the Bank's website prior to the first issuance of Sustainable Securities related to this Eligible Category.

The Bank shall select eligible businesses and eligible projects that fall within the Eligible Categories in accordance with the Framework, with evaluation and review conducted by the Bank's ESG programme officers and sustainability bond committee (as described in more detail in the Framework).

The proceeds of the Bank's Sustainable Securities will be deposited in the general funding accounts of the Bank. An amount equal to the proceeds will be earmarked for allocation in the sustainability bond register (the "**Sustainability Bond Register**") (which the Bank has established as an internal register in relation to Sustainable Securities issued by the Bank for the purpose of recording the eligible businesses and eligible projects and allocation of the proceeds from Sustainable Securities to such eligible businesses and eligible projects) in accordance with the Framework.

The Bank intends to maintain an aggregate amount of assets relating to eligible businesses and eligible projects that is at least equal to the aggregate proceeds of all Sustainable Securities that are outstanding from time to time. The Bank aims to fully allocate or re-allocate proceeds from the issuance of Sustainable Securities within a period of eighteen (18) months.

Until an amount equal to the proceeds of Sustainable Securities has been fully allocated, such proceeds may be invested according to the Bank's normal liquidity management activities.

Since the first issuance of Sustainable Securities, the Bank has published, and intends, without assuming any contractual obligation towards the Securityholders, to publish, a sustainability bond report (the "**Sustainability Bond Report**") on its website. The most recent Sustainability Bond Report is available on <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/gouvernance/code-engagement/responsabilite-entreprise/report-sustainability-bond-2024.pdf>. The Sustainability Bond Report is intended to be published on an annual basis until complete allocation of the proceeds from the relevant Sustainable Securities, and thereafter, as necessary in case of new developments.

The Sustainability Bond Report contains at least the following:

- (a) Confirmation that the use of proceeds of the relevant Sustainable Securities complies with the Framework
- (b) The amount of proceeds allocated to each Eligible Category
- (c) One or more examples of eligible businesses and projects financed, in whole or in part, by the proceeds obtained from the relevant Sustainable Securities, including their general details (brief description, location, stage — construction or operation)
- (d) The balance of unallocated proceeds
- (e) Impact reporting items as described in the potential indicators table of the Framework.

Where feasible, the Sustainability Bond Report will include qualitative and (if reasonably practicable) quantitative environmental and social performance indicators. Performance indicators may change from year to year.

The Bank has appointed Moody's Investors Services as an external reviewer to provide the second party opinion on the sustainability credentials of the Framework, including its alignment with the ICMA Principles (the "**Second Party Opinion**"). The Second Party Opinion reflects the second party consultant's independent opinion on the alignment of the Bank's Framework with the current market standards and the extent to which the eligible project categories are credible and impactful. As part of this opinion, the second party consultant has also assessed the credibility and anticipated positive impacts of the use of proceeds; the use of proceeds criteria alignment with the ICMA Principles and the alignment of the Bank's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds. The second party opinion is available on: <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-second-party-opinion-moodys-2022.pdf>, and may be updated from time to time, along with the Framework.

The Second Party Opinion states, among other things, that:

- (a) the Framework is aligned with the four core components of the ICMA Green Bond Principles (2021) and Social Bond Principles (2021) and demonstrates a significant contribution to sustainability;
- (b) the Eligible Categories are likely to contribute to eleven of the United Nations' Sustainable Development Goals;
- (c) there are clearly defined and relevant environmental and social objectives associated with all Eligible Categories; and
- (d) the Issuer has provided information that demonstrates suitable measures to identify, select and allocate net proceeds to pure-play companies that adhere to the sustainability objectives and benefits targeted in the Framework, and also to track and report on the associated sustainability benefits.

Since the issuance of the Second Party Opinion, however, the Bank has withdrawn from the United Nations Net-Zero Banking Alliance (NZBA).

For issuances covered by the Framework, the Bank intends to request, on an annual basis, a limited assurance report of the proceeds of such Sustainable Securities earmarked for the eligible businesses and eligible projects. In the event that the annual review identifies projects or businesses that do not comply with the Framework, such projects or businesses will be removed from the Sustainability Bond Register and replaced with eligible projects or eligible businesses, or these amounts will be invested in liquid instruments for future allocation.

None of the Framework, the Sustainability Bond Report, the Second Party Opinion or any linked assurance report are incorporated by reference herein and accordingly do not form part of this Base Prospectus. Any websites included or referred to in this Base Prospectus are for information purposes only and do not form part of this Base Prospectus.

Investors should note that the Framework is a voluntary internal guideline that is not currently subject to any legal requirements and has not been or will not be reviewed or approved by a regulatory authority. The Framework can be updated at any time if necessary. Moreover, investors should note that due to the voluntary nature of the Framework there exists neither a contractual obligation towards the Securityholders under the Securities in relation thereto and, as a consequence, a reason for a termination of the Sustainable Securities pursuant to its Terms and Conditions does not arise for each of the creditor and the Issuer if, for example,

- (a) the amounts equivalent to the net proceeds from the issue of the Sustainable Securities are not invested in whole or in part within a certain period in Eligible Categories,
- (b) there is a mismatch between the duration of the financings for each Eligible Category and the maturity of the relevant Sustainable Securities,
- (c) the Eligible Categories do not perform as expected,
- (d) a report pursuant to the Framework has not been published or has been published with delay, or

- (e) a second party opinion by an external reviewer has not been obtained or has been subsequently withdrawn or discontinued.

At EU level, the EU Green Bond Standard was introduced at the end of 2023 as part of the EU Green Bond Regulation. Based on this regulation, issuers can voluntarily establish a framework for the issuance of European Green Bonds. The Framework of National Bank of Canada follows the ICMA Green Bond Principles (2021) and therefore Green Bonds of National Bank of Canada are to be distinguished from future European Green Bonds and therefore do not comply with the EU Green Bond Regulation. It is not excluded that elements of the ICMA Green Bond Principles (2021) will be aligned with the statutory standardisation in the future.

Investors should note that the classification of sustainable securities with regard to sustainability criteria to be applied are still at an early stage. The Framework will accordingly be further developed and may be subject to future changes. Therefore, Investors should take into account that any sustainability classification of their Securities and any "green", "sustainable" or "social" projects or businesses may subsequently change due to material changes in the sustainability criteria or formal changes in the context of new regulatory developments.

There is no direct contractual link between any Sustainable Securities and any green, social or sustainability targets of the Bank. **Therefore, payment of principal and interest and rights of acceleration under such Sustainable Securities will not depend on sustainability performance.**

GENERAL INFORMATION

1. Authorisation

An internal general resolution on the issue of Securities under the Programme was passed by the Issuer on 26 May 2025.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with establishing this Programme and will obtain all such consents, approvals and authorisations in connection with the issue and performance of each Security issued pursuant to this Programme.

2. Reasons for the issue / Use of proceeds

Unless otherwise specified in the relevant Issue Terms, the net proceeds from each issue of any Securities will be added to the general funds of the Bank or any of its affiliates to be used for general corporate purposes of the Bank or any of its affiliates. If, in relation to any particular issue of Securities there is a particular identified use of proceeds, this will be stated in the applicable Issue Terms.

In addition, it is expected that the Bank or any of its affiliates may use a portion of the net proceeds to hedge the obligations under the Securities. The Bank or any of its affiliates may close out our or their hedge on or before the Redemption Date.

Refer to the "Sustainable Securities" section of this Base Prospectus on information with respect to the issuance of Sustainable Securities under this Base Prospectus.

3. Documents Available

For as long as this Base Prospectus remains in effect or any Securities remain outstanding, copies of the following documents will, when available, be made available during usual business hours on a weekday (Saturdays, Sundays and public holidays excepted) for inspection and, in the case of (a), (b), (c), and (h) below, shall be available for collection free of charge at the registered office of each Paying Agent:

- (a) the constitutional documents of the Issuer, which are also available at <https://www.nbc.ca/about-us/governance/policies-codes-commitments.html> (the information on such website does not form part of the prospectus and has not been scrutinised or approved by the CSSF);
- (b) the documents set out in the "Information Incorporated by Reference" section of this Base Prospectus, which are also available at <https://www.nbc.ca/en/about-us/investors.html> and <https://www.nbc.ca/en/about-us/investors/investor-relations/quarterly-results.html>;
- (c) all future annual reports and interim financial statements of the Issuer;
- (d) the Agency Agreement, as amended from time to time;
- (e) the French Agency Agreement;
- (f) the Deed of Covenant, as amended from time to time;
- (g) the current Base Prospectus in respect of the Programme and any future supplements thereto, each of which will also be available at <https://nbcstructuredsolutions.ca/european-notes/>;
- (h) any Final Terms or Pricing Supplements issued in respect of Securities admitted to listing, trading and/or quotation by any listing authority, stock exchange, and/or quotation system since the most recent base prospectus was published;
- (i) any other future documents and/or announcements issued by the Issuer.

The Issue Terms, in respect of any Series, shall also be available at the registered office of the Paying Agent.

For the 12 months following the date of this Base Prospectus and so long as any Securities remain outstanding the Framework and the Second Party Opinion will be available at the following websites:

- (a) the Framework: (<https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-framework-2022.pdf>); and
- (b) the Second Party Opinion: (<https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-second-party-opinion-moodys-2022.pdf>).

The Sustainability Bond Report will be available on the Issuer's website.

The Framework, the Second Party Opinion and the Sustainability Bond Report do not form part of, and shall not be incorporated by reference into, this Base Prospectus.

4. Listing and Admission to Trading

Applications may be made for the listing of Securities on the Official List of the Luxembourg Stock Exchange and admission to trading of Securities on the Regulated Market or the Euro MTF market of the Luxembourg Stock Exchange or the ISM and/or any other exchange or multilateral trading facility specified in the Issue Terms.

5. Publications on stock exchange websites

With respect to any issue of the Securities admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange, this Base Prospectus, each supplement hereto, any information incorporated by reference herein and the relevant Final Terms will be published on and available electronically from the Luxembourg Stock Exchange's website (www.luxse.com) free of charge during the life of this Base Prospectus. Copies of the Admission Particulars and the Pricing Supplements for ISM Securities will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline "Publication of Prospectus". For so long as any Securities are listed on any other stock exchange or listing authority, such documents shall be published in accordance with the rules of such stock exchange or listing authority.

6. Taxation matters

Investors have sole responsibility for the management of their tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations. None of the Issuer, any Dealer, any Agent or any of their respective affiliates will provide investors with tax or legal advice and investors should obtain their own independent tax and legal advice tailored to their individual circumstances. The tax treatment of securities, such as the Securities, can be complex and the tax treatment applied to an individual depends on their circumstances. The level and basis of taxation may change during the term of any Security.

Amounts due to be paid to Investors are described on a gross basis, i.e., without calculating any tax liability. The Issuer shall make no deduction for any tax, duty, or other charge unless required by law.

7. Credit Rating Agencies

The rating of certain Securities to be issued under the Programme may be specified in the applicable Final Terms or, in the case of Exempt Securities, the applicable Pricing Supplement.

Whether or not each credit rating applied for in relation to a relevant Series of Securities will be issued by a credit rating agency established in the EEA or the UK and registered under Regulation (EC) No. 1060/2009,

as amended or, in relation to the UK, such regulation as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**") (and together with the EU CRA Regulation, the "**CRA Regulations**") and the status of the relevant rating agency under the relevant CRA Regulation will be disclosed in the Final Terms or (in the case of Exempt Securities) the applicable Pricing Supplement.

In general, EEA and UK regulated investors are restricted under the CRA Regulations from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA or the UK (as applicable) and registered under the relevant CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EEA or non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EEA or a UK registered credit rating agency (as applicable) or the relevant non-EEA or non-UK credit rating agency is certified in accordance with the relevant CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms or (in the case of Exempt Securities) the applicable Pricing Supplement.

INFORMATION INCORPORATED BY REFERENCE

General

This Base Prospectus should be read and construed in conjunction with information specified in the cross reference list below contained in the following documents containing information incorporated by reference, each of which has been previously published and filed with the CSSF and the Luxembourg Stock Exchange, and is deemed to be incorporated by reference herein, and form part of, this Base Prospectus:

- a) the Issuer's Annual Report for the financial year ended 31 October 2024, which includes the Issuer's comparative consolidated financial statements for the years ended 31 October 2024 and 2023 prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, together with the Independent Auditor's Report thereon dated 3 December 2024 (the "**2024 Annual Report**") (available at: <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/assemblee-annuelle/2025/na-annual-report-2024.pdf>).
- b) the Issuer's Annual Information Form dated 3 December 2024, excluding all information incorporated therein by reference (the "**2024 Annual Information Form**") (available at: <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/assemblee-annuelle/2025/nbc-aif-agm-2025.pdf>).
- c) the Issuer's Second Quarter Report to Shareholders for the quarter ended 30 April 2025, which includes the unaudited interim condensed consolidated financial statements for the three- and six-month periods ended 30 April 2025 and 30 April 2024 (the "**2025 Second Quarter Report**") (available at: <https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/resultats-trimestriels/2025/report-shareholder-q2-2025.pdf>).
- d) the sections entitled "*Terms and Conditions of the Securities*" and "*Form of Final Terms / Pricing Supplement*" set out in the Issuer's base prospectus dated 24 June 2024 (the "**2024 Base Prospectus**") at pages 112 to 339 and 340 to 389, respectively (available at: <https://nbcstructuredsolutions.ca/european-notes/docs/National%20Bank%20of%20Canada%20Structured%20Programme%20-%20BASE%20PROSPECTUS%202024-06-24.pdf>, relating to the Programme (for the avoidance of doubt, the applicable Final Terms or, in the case of Exempt Securities, the applicable Pricing Supplement for a Tranche of Securities will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Final Terms or, in the case of Exempt Securities, the applicable Pricing Supplement, the Terms and Conditions of all Securities issued after the date hereof shall be those set out in this Base Prospectus).
- e) the section entitled Terms and Conditions of the Securities set out in the Issuer's base prospectus dated 5 July 2023 (the "**2023 Base Prospectus**") at pages 78 to 186 (available at: <https://nbcstructuredsolutions.ca/european-notes/docs/National%20Bank%20of%20Canada%20Structured%20Programme%20-%20Base%20Prospectus%20Final%2020230705.pdf>), relating to the Programme (for the avoidance of doubt, the applicable Final Terms or, in the case of Exempt Securities, the applicable Pricing Supplement for a Tranche of Securities will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Final Terms or, in the case of Exempt Securities, the applicable Pricing Supplement, the Terms and Conditions of all Securities issued after the date hereof shall be those set out in this Base Prospectus).

Deloitte LLP is the independent auditor of the Bank and expressed an unmodified opinion on the Bank's consolidated financial statements as at 31 October 2024 and 2023, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. Deloitte LLP is a member of the *Ordre des comptables professionnels agréés du Québec* and is on the Register of Third

Country Auditors maintained by the CSSF in accordance with the European Commission Decision of 29 January 2011 (Decision 2011/30/EU).

The following table indicates where certain required information may be found in the above-mentioned information incorporated by reference in this Base Prospectus.

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Any non-incorporated parts of a document referred to in this section "*Information Incorporated by Reference*" (which means any parts not listed in the cross-reference list above) are either deemed not relevant to investors or otherwise covered elsewhere in this Base Prospectus. Any documents which are themselves incorporated by reference in the information incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. Such documents are either not relevant to investors or the information they contain is covered elsewhere in this Base Prospectus.

Copies of documents from which information are incorporated by reference in this Base Prospectus and any supplement hereto approved by the CSSF can be reviewed on the website of the Luxembourg Stock Exchange at www.luxse.com and may be obtained from the head office of the Issuer and the specified offices of the each Paying Agent and Listing Agent, as set out at the end of this Base Prospectus.

In the case of ISM Securities, copies of documents deemed to be incorporated by reference in this Base Prospectus and any supplementary admission particulars can be reviewed from the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under "National Bank of Canada".

In addition, CDS Inc., a subsidiary of the Canadian Depository for Securities Limited, maintains an Internet web site through which all of the documents containing information incorporated herein by reference, or deemed incorporated herein, that the Issuer files electronically in accordance with Canadian and provincial securities laws can be retrieved. The address of the site is www.sedarplus.ca.

For the avoidance of doubt, the content of any website to which a hyperlink is provided shall not form part of this Base Prospectus. The information on any of the websites to which a hyperlink is provided has not been scrutinised or approved by the CSSF in its role as competent authority.

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