

# BASE PROSPECTUS



## Banco Comercial Português, S.A.

*Incorporated with limited liability under the laws of Portugal*

### €2,000,000,000 Structured Medium Term Note Programme

Under this €2,000,000,000 Structured Medium Term Note Programme (the "**Programme**"), Banco Comercial Português, S.A. ("**BCP**", the "**Bank**" or the "**Issuer**") may from time to time issue notes denominated in any currency agreed with the relevant Dealer (as defined below).

This document (this "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 8 of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The terms and conditions of the Notes (the "**Conditions**") will comprise the General Conditions, each Annex specified as applicable in the completed Final Terms and the completed Final Terms (each as defined below). This Base Prospectus, any supplement to this Base Prospectus (a "**Supplement to this Base Prospectus**"), any applicable Annex and the Final Terms for a Series will comprise the "**Offering Documents**".

The Issuer may from time to time issue notes in bearer form ("**Bearer Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

In addition, the Issuer may issue Notes in book entry form ("**Book Entry Notes**", and together with the Bearer Notes, the "**Notes**") that will be held through Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), as management entity of the Portuguese Centralised System of Registration of Securities ("**Central de Valores Mobiliários**").

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

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

**Potential investors should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. An investment in Notes may involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Notes. For a discussion of these risks see the "Risk Factors" section on pages 2 to 61 below.**

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Regulation. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Instruments that are subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Instruments. Such approval relates only to Instruments issued under the Programme within twelve months after the date hereof which are admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and / or which are to be offered to the public in any Member State of the European Economic Area (which, until the end of the transition period under the UK-EU Withdrawal Agreement (as defined below), for these purposes, shall include the United Kingdom). Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Instruments issued under the Programme within twelve months after the date hereof to be admitted to the official list (the "**Official List**") and to trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market or admitted to trading on any other market which is not a regulated market for the purposes of MiFID II.

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

The Book Entry Notes will be registered by Interbolsa. Each person shown in the individual securities accounts held with an authorised financial intermediary institution entitled to hold control accounts with the Central de Valores Mobiliários on behalf of their customers (and includes any depositary banks appointed by Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) (each an "**Affiliated Member**") as having an interest in the Book Entry Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Book Entry Notes (each a "**Certificate**") will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*). For further details of clearing and settlement of the Notes issued under the Programme see "**Clearing and Settlement**" below.

References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Regulation. As used herein, "**Issue Terms**" means either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

Amounts payable under the Notes may be calculated by reference to one or more "benchmarks" for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "**Benchmarks Regulation**"). In this case, a statement will be included in the applicable Final Terms or Pricing Supplement, as the case may be, as to whether or not the relevant administrator of the "benchmark" is included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation.

*Arranger and Dealer*

**Banco Comercial Português, S.A.**

The date of this Base Prospectus is 5 June 2020.

## IMPORTANT NOTICES

### Responsibility for this Base Prospectus

The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche (as defined below) of Notes issued under the Programme. To the best of the knowledge of the Responsible Person the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### Final Terms

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be filed with the Central Bank and published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)). Copies of the Final Terms will be available from the specified office set out below of the Portuguese Paying Agent or the Principal Paying Agent (as defined below).

### Validity of Base Prospectus

This Base Prospectus replaces and supersedes the Base Prospectus dated 13 February 2019 describing the Programme. Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for twelve months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. Until the end of the transition period under the UK-EU Withdrawal Agreement (as defined below), for these purposes, references to the EEA shall include the United Kingdom. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

### Other relevant information

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

The Issuer's website is <https://ind.millenniumbcp.pt/en/>. Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" below), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

### Unauthorised Information

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

The Dealer(s) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealer(s) as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealer(s) that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each

investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealer(s) to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer(s) expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

### **Restrictions on distribution**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealer(s) do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealer(s) which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Offering Documents nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Offering Documents or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of the Offering Documents and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Offering Documents and the offer or sale of Notes in, without limitation, Japan, the United States, the United Kingdom and the EEA (including, without limitation, Portugal, the Republic of Italy and France) (see "*Subscription and Sale and Transfer and Selling Restrictions*").

Neither the Issuer nor the Dealer(s) makes any representation to any investor in the Notes regarding the legality of its investments under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes have not and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Notes may not be offered, sold, pledged, assigned, delivered or otherwise transferred, exercised or redeemed, at any time, within the United States or to, or for the account or benefit of, U.S. persons (see *Subscription and Sale and Transfer Restrictions* below).

### **Ratings**

As at the date of this Base Prospectus short-term and long-term senior obligations of the Issuer are rated, respectively, "NP" and "Ba1" by Moody's Investors Service España, S.A. ("**Moody's España**"), "B" and "BB" by S&P Global Ratings Europe Limited ("**Standard & Poor's**"), "B" and "BB" by Fitch France – Société par Actions Simplifiée ("**Fitch**") and "R-2 (middle)" and "BBB (low)" by DBRS Ratings GmbH ("**DBRS**").

Each of Moody's España, Standard & Poor's, Fitch and DBRS is established in the European Union or in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

As such Moody's, Moody's España, Standard & Poor's, Fitch and DBRS are included in the list of rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out under "*Downgrades in the Bank's credit rating could increase the cost of borrowing funds and make the Bank's ability to raise new funds or renew maturing debt more difficult*" in the Risk Factors section.

#### *Calculation Agent Powers*

The Calculation Agent will employ the methodology described in the Conditions to determine amounts payable or deliverable in respect of the Notes. When making any such determination in relation to any amounts so payable or deliverable, the Calculation Agent or any delegate may in its sole and absolute discretion consider a wide range of information.

The Calculation Agent makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Securities and acts solely as an agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any holder.

#### **MIFID II PRODUCT GOVERNANCE / TARGET MARKET**

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II product governance rules under Commission Delegated Directive (EU) 2017/593 of 7 April 2016 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes but, otherwise, neither the Arranger nor the Dealers nor any of their respective affiliates is deemed to be a manufacturer for the purpose of the MiFID II Product Governance Rules.

The Final Terms in respect of any Non-exempt offers of Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

#### **IMPORTANT – EEA AND UK RETAIL INVESTORS**

If the Final Terms in respect of any Non-exempt offers of Notes (or Pricing Supplement, in respect of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors" or "Prohibition of Sales to EEA Retail Investors" (as the case may be), the Notes are not intended to be offered,

sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**United Kingdom**" or "**UK**") if so specified in the applicable Final Terms. 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; 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 the Prospectus Regulation. Consequently, where such restriction applies, no key information document required by Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK (as the case may be) has been prepared or will be available and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK (as the case may be) may be unlawful under the PRIIPs Regulation.

*Under the terms of the ratified EU-UK article 50 withdrawal agreement (the "**UK-EU Withdrawal Agreement**"), a transition period has now commenced which will last until 31 December 2020. During this period, most EU rules and regulations will continue to apply to and in the UK and negotiations in relation to a free trade agreement will be ongoing. Under the UK-EU Withdrawal Agreement, the transition period may, before 1 July 2020, be extended once by up to two years.*

## **BENCHMARKS REGULATION**

Amounts payable on Floating Rate Notes (as described under "Terms and Conditions of the Notes") will be calculated by reference to the London Interbank Offered Rate ("**LIBOR**") or the Euro Interbank Offered Rate ("**EURIBOR**"), as specified in the applicable Final Terms. As of the date of this Base Prospectus, each of the administrator of LIBOR (ICE Benchmark Administration Limited) and the administrator of EURIBOR (the European Money Markets Institute) is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**").

## **IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES**

### **Restrictions on Non-exempt Offers of Notes in relevant Member States of the EEA and the United Kingdom where there is no exemption from the obligation under the Prospectus Regulation to publish a prospectus**

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under Article 1.4 of the Prospectus Regulation to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**". This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in each State in relation to which the Issuer has given its consent (from amongst Member States and the United Kingdom (the latter until the end of the transition period under the UK-EU Withdrawal Agreement (as defined below)) as specified in the applicable Final Terms (each specified Member State and the United Kingdom (as the case may be) a "**Non-exempt Offer Jurisdiction**" and together the "**Non-exempt Offer Jurisdictions**"). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article(1) of the Prospectus Regulation*" and provided such person complies with the conditions attached to that consent.

Save as provided above, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

### ***Consent given in accordance with Article 5(1) of the Prospectus Regulation***

In the context of a Non-exempt Offer of such Notes, the Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an "**Investor**" or collectively the "**Investors**") who purchases any Notes in a Non-exempt Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and **provided that** the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Conditions to Consent*" below.

Neither the Issuer or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and neither the Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

**Except in the circumstances set out in the following paragraphs, the Issuer has not authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.**

If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

### *Consent*

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

### *Specific Consent*

- (a) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by:
  - (i) the relevant Dealer(s) or Manager(s) stated in the applicable Final Terms;
  - (ii) any financial intermediaries specified in the applicable Final Terms; and
  - (iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (www.millenniumbcp.pt) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer.

### *General Consent*

- (b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes by any financial intermediary which satisfies the following conditions:
  - (i) it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing MiFID II; and
  - (ii) it accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the "**Acceptance Statement**"):

**"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by Banco Comercial Português, S.A. (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 offer of the Notes in [specify relevant State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus accordingly."**

The "**Authorised Offeror Terms**", being the terms to which the relevant financial intermediary agrees in connection with using this Base Prospectus, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
- (I) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;
  - (II) comply with the restrictions set out under "*Subscription and Sale and Transfer Restrictions*" in this Base Prospectus which would apply as if it were a Dealer;
  - (III) consider the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II Product Governance" legend set out in the applicable Final Terms;
  - (IV) ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
  - (V) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;
  - (VI) comply with applicable anti-money laundering, anti-bribery, anti-corruption and *know your client* Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
  - (VII) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer, the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and *know your client* Rules applying to the Issuer and/or the relevant Dealer, as the case may be;
  - (VIII) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
  - (IX) immediately inform the Issuer and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
  - (X) comply with the conditions to the consent referred to under "*Common Conditions to Consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
  - (XI) make available to each potential Investor in the Notes this Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus and the applicable Final Terms;
  - (XII) if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the

purposes of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within its respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in this Base Prospectus;

(XIII) ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(XIV) co-operate with the Issuer and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (VII) above) and such further assistance as is reasonably requested upon written request from the Issuer or the relevant Dealer. For this purpose, relevant information is information that is available to or can be acquired by the relevant financial intermediary:

(i) in connection with any request or investigation by the Central Bank or any other regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or

(ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by the Central Bank and/or any other regulator of competent jurisdiction from time to time; and/or

(iii) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or so as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

(XIV) during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and

(XV) either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests the relevant financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

(B) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons (each a "**Relevant Party**")) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or



defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer. Neither the Issuer or any Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this provision; and

(C) agrees and accepts that:

- (I) the contract between the Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
- (II) subject to paragraph (IV) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the financial intermediary submit to the exclusive jurisdiction of the English courts;
- (III) for the purposes of paragraphs (II) and (IV) herein, the Issuer and the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
- (IV) to the extent allowed by law, the Issuer and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
- (V) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b) above are together the "**Authorised Offerors**" and each an "**Authorised Offeror**".

Any Authorised Offeror falling within paragraph (b) above who meets the conditions set out in paragraph (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.

#### ***Common Conditions to Consent***

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Non-exempt Offer are (in addition to the conditions described in paragraph (a) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms; and
- (ii) only extends (as at the date of this Base Prospectus) to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Ireland, Portugal and the United Kingdom under the Programme, as specified in the applicable Final Terms.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

The only relevant State which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any relevant States are so specified) as indicated in (ii) above, will be Ireland, Portugal and the United Kingdom and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Ireland, Portugal and the United Kingdom as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

**The Issuer does not have any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.**

#### **ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS**

**AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NEITHER THE ISSUER OR, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.**

#### **Issue Price and Offer Price**

Notes to be offered pursuant to a Non-exempt Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer at the time of the relevant Non-exempt Offer and will depend, amongst other things, on prevailing market conditions at that time. The offer price at which the Authorised Offeror will offer such Notes to the Investor will be the Issue Price or (where agreed with the relevant Dealer) such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the terms indicated above. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United

States, the United Kingdom, the EEA (including Portugal, the Republic of Italy and France) and Japan, see "*Subscription and Sale and Transfer Restrictions*" below.

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

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable Supplement to this Base Prospectus and all the information contained in the Final Terms;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the specified currency for principal or interest payments of the Notes is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (e) in respect of Notes linked to the performance of, without limitation, one or more, or a combination of, underlying shares or depositary receipts, indices, rates of interest, other rates, foreign exchange rates, funds, inflation indices and/or entities (together, "**Reference Items**" and each, an "**Reference Item**") (in respect of such Notes, together, "**Reference Item Linked Notes**" and each an "**Reference Item Linked Note**"), understands thoroughly (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the nature of each such Reference Item Linked Note; and
- (f) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Issuer, Dealers or any affiliate of the Issuer has given, and will not give, to any potential investor in Notes (either directly or indirectly) any assurance, advice, recommendation or guarantee as to the merits, performance or suitability of such Notes, and the investor should be aware that the Issuer is acting as an arm's-length contractual counterparty and not as an advisor or fiduciary.

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

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

## Certain Definitions

All references in this Base Prospectus to (i) "U.S. dollars", "USD", "U.S.\$", "\$" and "U.S. cent" refer to the currency of the United States of America, (ii) "Sterling" and "£" refer to the currency of the United Kingdom, and (iii) "Euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union amended from time to time (iv) "PLN" refers to Polish zloty and (v) "CHF" refers to Swiss francs.

This Base Prospectus is drawn up in the English language. In case there is any discrepancy between the English text and the Portuguese text, the English text stands approved for the purposes of approval under the Prospectus Regulation.

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

## Stabilisation

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, will be in compliance with all relevant laws and regulations and may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## Cautionary Statement Regarding Forward Looking Statements

Some statements in this Base Prospectus and certain documents incorporated by reference herein may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of the Business of the Group*" and other sections of this Base Prospectus. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in Portugal and the wider region in which the Issuer operates;

- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; and
- actions taken by the Issuer's joint venture partners that may not be in accordance with its policies and objectives.

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to the Issuer's obligations under applicable laws and regulations in relation to disclosure and ongoing information, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

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## RISK FACTORS

*An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on BCP's business, financial condition and results of operations or the value of the Notes. Additional risks and uncertainties, including those of which the BCP Group's management is not currently aware or deems immaterial, may also potentially have an adverse effect on the BCP Group's business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.*

## INTRODUCTION

The risk factors described below are those that the Issuer believes are material and specific to the Issuer and that may affect the Issuer's ability to fulfil each of its obligations under the Notes. The risk factors have been organised into the following categories:

1. **Risks relating to the Issuer**
  - 1.1 Risks relating to the economic and Financial Environment;
  - 1.2 Legal and regulatory risks
  - 1.3 Risks relating to acquisitions;
  - 1.4 Risks relating to the Bank's business;
2. **Risks related with the Notes issued under the Programme**
  - 2.1 Risks relating to the structure of particular notes
  - 2.2 Risk factors that are associated with Notes that are linked to Reference Item(s)
  - 2.3 Risk factors associated with Notes that are linked to one or more specific types of Reference Items
  - 2.4 Market factors
  - 2.5 Potential conflicts of interest

Within each category, the most material risks, in the assessment of the Issuer, are set out first. The Issuer has assessed the relative materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. The order of the categories does not imply that any category of risk is more material than any other category.

### 1. **Risks Relating to the Issuer**

#### 1.1 **Risks relating to the Economic and Financial Environment**

##### *Portuguese economy*

The Bank is highly sensitive to the evolution of the Portuguese economy, the performance of which is uncertain.

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity, as protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. As a result, the global economy is projected to contract sharply by -3% in 2020 according to the International Monetary Fund ("IMF").

Against this background the outlook for the Portuguese economy has undergone a sudden and marked deterioration. In 2020, the IMF foresees that the Portuguese economy will drop by 8% as a result of the economic impact of the pandemic. In 2021, the Portuguese economy should return to growth rates around 5%, assuming that economic policies work out as planned at the global level, meaning that the world economy starts recovering once the acute phase of the pandemic is passed, which will favour the recovery of the Portuguese economy.

On the financial front, the forceful intervention of the European Central Bank (the "ECB") has been so far crucial to preclude any meaningful deterioration in risk-aversion thereby contributing to keep financial costs and yields at relatively low levels. When the economy returns to normality, the risk premia in the long-term debt securities of domestic issuers is likely to start to narrow gradually.

## RISK FACTORS

The evolution of the Portuguese economy has a considerable impact on the Bank's business, its financial situation and net income, as a substantial portion of the Bank's assets and operating profit is derived from Portugal, which accounted for 56% of the Bank's net operating revenue and 67% of total gross loans to customers in the end of 2019. As such, developments in the Portuguese economy have had and will continue to have a material impact on the Bank, which may be adversely affected by, among others, the following factors:

### *Global health crisis*

The uncertainty around the COVID-19 pandemic is considered to remain elevated until a vaccine and/or therapies to counter the disease are in place. In this context, despite the Portuguese authorities' success in bringing down the spread of the disease in the domestic community, Portugal remains vulnerable to renewed infection outbreaks. If the pandemic proves more persistent, the effects on the economic activity and financial markets could turn out to be stronger and longer lasting, testing the limits of central banks to backstop the financial system and further raising the fiscal burden of the shock.

Any material change in the financial markets or the Portuguese economy or the global economy as a result of these events or developments may materially and adversely affect the Bank's business, results of operations, financial condition and/or prospects. The uncertainty about the duration and intensity of the pandemic crisis in Portugal is affecting, and will continue to affect, the behaviour and financial position of the Bank's customers and, therefore, the supply and demand of the products and services offered by the Bank and its cost of risk, resulting in additional default risk for the Bank by exposing the Bank to a potential increase in the number of defaults and insolvencies among its counterparties and/or clients. The Bank may be forced consider adjustments to specific elements of its operations and/or customer exposures including loan tenor extensions and restructuring. For further details on the potential effects and consequences for the Bank's business of the COVID-19 pandemic, please see below "*The Bank is exposed to the consequences of the COVID-19 pandemic*".

### *Dramatic tightening in global financial market conditions*

Despite the broad-based monetary stimulus and the available liquidity facilities there are risks of significant additional tightening of financial conditions, which could further dampen economic activity in the near term, adding to the direct macroeconomic fallout of the health crisis. The possibility of aggravation or persistence of adverse financing conditions could further weigh on economic conditions, hindering the evolution of banking business and, consequently, its profitability.

### *Risks of a protracted recession of the Portuguese economy and/or a slow recovery*

The IMF projects a partial recovery of Portuguese economy in 2021, with the level of GDP remaining below the pre-virus trend. However, if the pandemic and containment measures last longer, the economy could remain in recession in 2021 and/or recover at a slower pace.

Any limitation to the growth of the Portuguese economy would predictably imply a fall of demand for credit, the cost of funding could rise and the credit quality of the loans' portfolio and other segments of the asset side of the Bank's balance sheet would deteriorate.

### *The Portuguese economy presents specific vulnerabilities to the economic shock associated to the pandemic crisis*

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. Despite the significant structural changes implemented since 2011, the budget surplus recorded in 2019, the reduction of public and private debt and a growth trend above the potential GDP in the last years, the Portuguese economy presents specific vulnerabilities to the current economic shock associated to the COVID-19 pandemic:

- i) The importance of the tourism sector for economic activity entails a high exposure to the expected reduction in global demand for this type of service, which will be very substantial;
- ii) The Portuguese corporate sector presents currently a still relatively fragile financial situation;



## RISK FACTORS

- iii) The high percentage of households close to or below the poverty line in Portugal means that there is only a small margin to absorb the expected shock to income. In a context of a still elevated private debt, any deterioration in households and companies' financial condition could lead to a fall in the demand for credit, and to a deterioration of the credit quality of the loans' portfolio and other segments of the asset side of the Bank's balance sheet;
- iv) The high level of Portuguese government debt could lead to relevant limitations on the ability of the Portuguese government to stimulate growth in response to a downturn as severe as the one likely to follow the current economic shock. The high public-sector indebtedness is therefore an important factor of vulnerability, as any change in investors' perception of Portuguese debt sustainability may contribute to raise the Bank's cost of funding and to weaken the performance of the financial assets seating on the Bank's portfolio – in particular, the Portuguese public debt securities.

Even if the pandemic does not result in a pronounced and prolonged slowdown in economic activity globally, these specific vulnerabilities of the Portuguese economy could potentially amplify and extend the economic consequences of the COVID-19 pandemic domestically. This could lead to very substantial effects on business activities as well as reduction of investment and consumption. The pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in Portugal, all of which could reduce demand for the Bank's products and services, influence the recognition of credit losses in the Bank's loan portfolios and increase the Bank's allowance for credit losses, particularly as businesses remain closed and as more customers are expected to draw on their lines of credit or seek additional loans to help finance their businesses. If any of the above risks were to materialize, this could result in a potentially material negative impact on the Bank's business, its financial situation and net income.

### *Domestic political risks*

The 2019 parliamentary elections in Portugal, have not conferred an absolute majority to the party that formed the government. Against the backdrop of current health and economic crisis any risks of political instability could undermine confidence and hamper the political actions needed to tackle both crises, and thereby impact adversely on economic activity and the Portuguese Republic's credit profile. Any of these could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

### *Risks related to European Union*

The pandemic crisis underlines the need to strengthen coordination and cooperation at the European level, notably in economic terms. In this context, relevant divergences between the European Union (EU) Member States in adopting solidarity measures and shared economic policy actions to stimulate the economic recovery could rise fears regarding the integrity of the EU.

Any change in EU or in European Monetary Union may affect the Portuguese sovereign credit profile, which may lead to concerns relating to the capacity of the Portuguese Republic to meet its funding needs. Any deterioration could have a direct impact on the value of the Bank's portfolio of public debt. Any permanent reduction of the value of public debt would be reflected in the Bank's equity position.

### *Monetary policy risks*

The Bank is exposed to risks associated with any disruption to the ECB's monetary and liquidity facilities introduced to avoid systemic stress in the financial system and to lift confidence and to prevent an even deeper contraction of economic activity. Any sudden change in monetary policy could have a substantial downward impact on the valuation of the Portuguese government's debt directly, or indirectly via contagion through the loss in value of the public debt securities of other EMU countries, which would in turn hurt the Bank directly through the investment book and indirectly by affecting the price and availability of the Bank's funding in the market and also by potentially lowering the demand for loans from households and corporations. In addition, any further substantial decline of ECB's reference interest rates and/or the maintenance of negative interest rates for a protracted period would affect negatively the Bank's ability to generate net interest margin.

## RISK FACTORS

### *Risks to the real estate market*

The current economic shock increases the risk of a significant devaluation of Portuguese real estate prices, including, without limitation, through a fall of demand by non-residents and the drop of tourism demand, which may lead to an increase in impairment losses in the assets held directly by the Bank as well as in the participating units of the restructuring funds held by the Bank, and to increased exposure in counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank.

### *External-trade channel risk*

The expected deterioration of economic activity in the main trading partners of Portugal (as at December 2019 and according to Portugal's National Statistics Institute, in decreasing order: Spain, France, Germany, the United Kingdom, the United States, Italy, the Netherlands, Belgium, Angola and Norway), along with global supply disruptions, the risk of protectionist policies and the possible behavioural changes in Portuguese trading partners could impact negatively the performance of the Portuguese economy and lead to economic and financial difficulties, which could have a material adverse effect on the Bank's business, financial condition, results of operations or its prospects.

### *Geopolitical risks*

The pandemic and the economic crisis could intensify geopolitical risks worldwide. The risks may be derived, among other adverse factors, from the escalation of protectionism and trade wars among the major world economic blocs and/or the intensification of actual or potential military conflicts. Any of these could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

### *Risks related to Brexit*

The United Kingdom formally left the EU on 31 January 2020, but the terms of the new relationship are still undefined and are expected to be negotiated until the end of December 2020. The turmoil caused by the pandemic could lead to protracted negotiations therefore contributing to an increased uncertainty around the new relationship of the United Kingdom with the EU countries, notably regarding a new free trade agreement. As the United Kingdom is one of the main Portuguese trading partners (both in terms of goods and services), any uncertainty relating to such future trade conditions could impact negatively the performance of the Portuguese exports, which could have an adverse effect on the Bank's business.

### ***Other economies where the Bank operates***

#### *Poland*

In Poland, the Bank operates through Bank Millennium, S.A., which focuses its offerings on individuals and small and medium-sized companies based in Poland and, as such, its performance is dependent to the evolution of the Polish economy, whose performance is uncertain and could be negatively affected, among others, by the following factors:

- Risks related to the economic conditions

The government measures at limiting the spread of epidemic are likely to lead to a significant drop of economic activity in Poland. Consequently, a deterioration of the labour market and a fall of disposable income for households can be expected. Along with the drop of domestic demand the external demand should also plummet, negatively impacting exports and manufacturing activities.

The deterioration of economic conditions in Poland and the instability in financial markets, may constrain economic activity and cause greater volatility of the Polish zloty ("**PLN**") exchange rate and, consequently, negatively affect the Bank's activity and results directly through financial operations and indirectly through repercussions on the clients' financial situation.

- Domestic political risks

Political and legal tensions with the European Union, particularly considering that the European Commission decided on 10 October 2019 to refer Poland to the Court of Justice of the EU regarding the new disciplinary regime for Polish judges, could adversely affect political and social stability in Poland and

## RISK FACTORS

consequently its economic and financial situation, which would negatively impact Bank's activity and results;

- Risks related to banking system policy

Risks related to the implementation of economic policy decisions, namely on the tax front, targeting the banking system by Polish authorities, could negatively affect investors' confidence and the economic activity and, consequently, negatively impact the profitability of the Polish banking sector.

If any of the above risks were to materialize, they could materially impact the business and results of Bank Millennium, S.A., thus affecting the business and results of operations of the Bank as a whole.

### *Mozambique*

The Bank faces exposure to economic risks in its operation in the Mozambique market, via Millennium bim, including, without limitation, the ones described below, whose materialisation in the future may have an adverse impact on the business, financial condition, results of operations and prospects of the Bank.

- Commodity prices risks

Mozambique is an important exporter of aluminium and coal and has also important projects in progress related to natural gas. As weaker global demand drives down commodity prices, the Mozambican economy could face significant pressure on its public finances, on real economic activity and on its exchange rate, which could negatively impact the reform efforts that Mozambican authorities have been implementing in the last years in order to address the sovereign debt crisis. Any deterioration of economic and financial conditions could result in additional negotiations with the IMF and international creditors. In such circumstances, the Bank's business, financial condition, results of operations and prospects could be negatively affected.

- Domestic political risks

- i) Any deterioration of the economic and financial situation may contribute to the rise of political tensions (Frelimo and Renamo, the two main political parties in Mozambique, have been holding start-stop talks aimed at ending a military conflict that was resumed in 2013), which could negatively affect the Bank's business, financial condition, results of operations and prospects.
- ii) The natural gas industry in Mozambique has been crucial to both the expansion of economic growth and social change. In this context, if the scale and frequency of attacks in gas-rich Cabo Delgado Province intensifies it could hinder the natural gas industry activity and thereby the expansion of economic activity and social progress. Any of these factors could negatively affect the Bank's business, financial condition, results of operations and prospects.

### *Angola*

The Bank faces exposure to economic risks in Angola as a result of its equity accounted holding via Banco Millennium Angola, S.A., including, without limitation:

- Commodity prices risks

Given the reliance of Angolan economy on oil exports, the recent implosion of crude prices, if sustained, could create significant pressure on Angola's public finances, on the real economic activity and on its exchange rate, which could negatively impact the reform efforts that Angolan authorities have been implementing in the last years in order to address economic and structural imbalances. In such circumstances, the Bank's business, financial condition, results of operations and prospects could be negatively affected.

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### 1.2 Legal and Regulatory Risks

*The Bank is subject to complex regulation that could increase regulatory and capital requirements.*

The Bank conducts its business in accordance with applicable regulations and is subject to related regulatory risks, including the effects of amendments to laws, regulations and policies applicable in Portugal and in other countries where the Bank operates. Portuguese and international regulatory entities, including the European Central Bank ("**ECB**"), Banco de Portugal and the European Banking Authority ("**EBA**"), have implemented significant changes to the Bank's regulatory framework, particularly in relation to capital and liquidity adequacy and the scope of the Bank's operations. These changes are continuously being updated and revised, adjusting to past experience or to new business trends and other changes may be implemented in the future. Consequently, the Bank could face more intense regulation that could adversely and significantly impact the results of its operations.

Most recently, in May 2019, the Council adopted a comprehensive legislative package (the "**banking package**") implementing material elements of the Basel III framework ("**Basel III**") at the European level by way of amendments to Regulation No. 575/2013/EU of the European Parliament and of the Council, of 26 June 2013, as amended (the "**Capital Requirements Regulation**" or "**CRR**") and Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, as amended (the "**Capital Requirements Directive**" or "**CRD IV**"), and on the framework for the recovery and resolution of banks in difficulty, notably Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, as amended (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") and Regulation No. 806/2014/EU of the European Parliament and of the Council, of 15 July 2014 (the "**SRM Regulation**"). Some of these changes have already been enacted while others will enter into force in the coming years together with changes stemming from the adoption of the Basel III reforms, some of which are still being assessed by the European Commission.

Changes to risk weighted assets ("**RWA**") could also come from adjustments on internal models, such as those associated with better calibration or further to supervisory requirements.

The implementation of new regulations may increase capital requirements and could result in additional preparatory work, disclosure needs, restrictions on certain types of transactions, limitations to the Bank's strategy, the need to take strategic actions, which may include raising additional capital, and/or limitations to, or modification of, the Bank's earnings derived from margin, fees, capital gains or other sources of income. Any of the above may reduce the business volume and the yield of the Bank's investments, assets or holdings, which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. For further details on banking regulation please see "*Description of the Business of the Group – Recent developments on the banking regulation*".

Furthermore, a global systemically important institution ("**G-SII**") could face additional requirements. Although it is currently not anticipated that Portuguese banks may be classified as G-SIIs, there is no assurance that this will not change in the future. The Bank is currently classified as an "other systemically important institution" ("**O-SII**"), and as such it is subject to concurrent additional capital requirements, which could increase and lead to lower returns on equity.

*The Banking Union may impose additional regulatory requirements that may impact the Bank's results.*

The European Commission established a new common regulation (the Single Rule Book) and supervisory architecture. The Banking Union comprises the Single Supervisory Mechanism ("**SSM**"), the Single Resolution Mechanism ("**SRM**") and the European Deposits Insurance Scheme ("**EDIS**"). The regulatory framework under the Banking Union and future modifications to it may result in, or require changes to, the strategic positioning of financial institutions, including their business model and risk exposure, and could result in additional costs in order to ensure compliance with the new requirements and may potentially restrict the Bank's ability to comply with its financial undertakings regarding debt and equity instruments. See further "*Description of the Business of the Group – Recent developments on the banking regulation*".

#### *Single Supervisory Mechanism*

The Banking Union assigned the role of direct banking supervisor to the ECB to ensure that the largest banks in Europe, including the Bank, are independently supervised under common rules. The Bank is currently in compliance with SREP requirements. If the Bank's capital ratios fall below the thresholds

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specified or guided by the relevant regulatory entities (including pursuant to the Supervisory Review and Evaluation Process ("SREP")) the Bank may need to adopt additional measures to strengthen its capital ratios (including at unfavourable terms), such as an acceleration of deleveraging, the reduction of RWA, divestments and other measures that may include rights issues. Furthermore, any additional capital adequacy requirements imposed on the Bank may result in the need to increase its capital buffers in order to fulfil more demanding capital ratio requirements, thereby increasing the costs to the Bank and reducing the return on equity. Any of the aforementioned situations could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

During the SREP, the supervisor not only defines banks' capital requirements (e.g. Pillar 2 capital requirements ("P2R") and Pillar 2 capital guidance ("P2G")), but may also decide to impose additional measures on banks, including liquidity and qualitative measures. See further "*Description of the Business of the Group – Recent developments on the banking regulation*".

A change in the prudential supervision framework may:

- (a) impose additional capitalisation demands on the Bank, in particular if the ECB requires the reclassification of assets and/or a revision of coverage levels for impairment, which could result in the Bank being subject to additional capital requirements, or to any future stress tests;
- (b) given the classification of the Bank as an O-SII, lead to higher combined capital buffer requirements;
- (c) lead to a higher countercyclical capital buffer and capital conservation buffer.

If, following a capital requirement exercise, such as a stress test, capital quality or risk management assurance exercise or equivalent exercise, a capital deficit is identified, it could adversely affect the cost of funding for the Bank and have a materially adverse impact on its business, financial condition, results of operations and prospects.

The Bank is also currently compliant with the CRD IV required liquidity related ratios, i.e., the liquidity coverage ratio ("LCR") which requires banks to hold sufficient unencumbered high quality liquid assets to withstand a 30-day stressed funding scenario, and the net stable funding ratio ("NSFR") reflecting the amount available of stable funding to its amount of required stable funding.

These requirements may change in the future which could have an impact on the Bank's capital and liquidity needs and adversely affect the Bank's business, financial condition, results of operations and prospects. For more information on the topics above see further "*The results of additional stress tests could result in a need to increase capital or a loss of public confidence in the Group*" and "*Description of the Business of the Group – Recent developments on the banking regulation*".

### *Single Resolution Mechanism*

The BRRD (which implementation into Portuguese law was completed by Law No. 23-A/2015, of 26 March, as amended, encompassing several changes to Decree-Law No. 298/92, of 31 December (as amended from time to time, the "**Banking Law**")) establishes a framework for the recovery and resolution of credit institutions and investment companies which contemplates that capital instruments may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool (which may apply to any of the Notes). As such, the use of resolution tools and powers provided for by the Banking Union may disrupt the rights of shareholders and creditors. In particular, the power of the authorities to transfer the shares or all or part of the assets of an institution to a private purchaser without the consent of shareholders affects the property rights of shareholders. In addition, the power to decide which liabilities to transfer out of a failing institution based upon the objectives of ensuring the continuity of services and avoiding adverse effects on financial stability may affect the equal treatment of creditors. For further details please see "*Description of the Business of the Group – Recent developments on the banking regulation*".

To avoid having institutions structuring their liabilities in a way that impedes the effectiveness of the bail-in or other resolution tools and to avoid the risk of contagion or a bank run, the BRRD requires that institutions meet a robust minimum requirement for own funds and eligible liabilities ("MREL") at all times. In order to meet MREL requirements, the Bank may need to issue MREL-eligible instruments, impacting its funding structure and financing costs. Such mechanisms and procedures, besides having the capacity to restrain the Bank's strategy, could increase the average cost of the Bank's liabilities, in particular,

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without limitation, the cost of Additional Tier 1, Tier 2 instruments and other MREL eligible instruments and thus negatively affect the Bank's earnings. These instruments may also result in a potential dilution of the percentage of ownership of existing shareholders, given their potential convertibility features under application of a resolution or other measure or in accordance with their terms. The aforementioned instruments might be viewed by investors as riskier than other debt instruments, primarily due to the risk of capital losses, missed coupon payments, insufficient maximum distributable amount buffer, conversion into capital instruments and lack of available distributable items. As a result, investor appetite for these instruments may decline in the future, which could render the Bank unable to place them in the market. In this case, the Bank would have to issue Common Equity Tier 1 ("**CET1**") capital to meet the mentioned regulatory requirements or issue Additional Tier 1, Tier 2 or other regulatory eligible instruments that would entail an associated coupon expense which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. See "*Description of the Business of the Group – Trends Information*" for more information on MREL requirements applicable to the Issuer.

Decree-Law No. 31-A/2012, of 10 February, which amended the Banking Law, also introduced the creation of the privileges accorded to claims associated with loans backed-up by deposits under the Deposit Guarantee Fund ("**DGF**"), as well as credit secured by the DGF, the Integrated Mutual Agricultural Scheme (which, in Portugal, is formed by the Central Mutual Agricultural Bank (*Caixa Central de Crédito Agrícola Mútua*) and its associated banks) or the Portuguese Resolution Fund (*Fundo de Resolução*) (the "**Resolution Fund**"), arising from the potential financial support that these institutions might give in the context of the implementation of resolution measures, in each case within the limits of the applicable laws.

The financial resources of the Resolution Fund result essentially from the initial and periodical contributions paid by member institutions, the proceeds from the bank levy, created by Law no. 55-A/2010, of 31 December, and the returns on the investment of its financial means.

Under Article 153-O of the Banking Law, the Resolution Fund may be required to finance the implementation of the resolution measures applied by Banco de Portugal and the resulting general and administrative expenses. At the present date, there is no reliable estimate of the potential losses to be incurred by the Resolution Fund, notably those that have been publicly mentioned as potentially applicable arising from (i) the sale of Novo Banco, S.A. ("**Novo Banco**") (including, without limitation, the contingent capitalisation mechanism), (ii) the litigation relating to the Banco Espírito Santo, S.A. ("**BES**") resolution process including in respect of the so-called "*lesados do BES*" proceedings and the attempts to find a solution for such proceedings, (iii) the resolution process of Banco Internacional do Funchal, S.A. ("**BANIF**") and related expenses, and (iv) the amount and timing of the Bank's contributions to the Resolution Fund and the reimbursement of the loans granted by the Bank to the Resolution Fund. Thus, the impact of the BES and BANIF resolution processes on the Bank, which participates in the Resolution Fund, could depend on external factors not controlled by the Bank, including the proceeds from the Resolution Fund assets, the future funding needs and contingent liabilities of the Resolution Fund including, without limitation, those related to the sale of Novo Banco to Lone Star. For further details on the Resolution Fund and related contributions of the Bank see "*Description of the Business of the Group – Recent developments on the banking regulation*".

In the event of a shortage of funds, a negative financial impact, of an uncertain nature, on the Resolution Fund and, indirectly, on the Portuguese banking sector, could occur. The definition of the financing structure of a possible shortage (in terms of type of contribution, its distribution in time and any recourse to temporary loans) will depend on the amount of such hypothetical shortage. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

The amount of the periodical contribution for the Resolution Fund is calculated every year pursuant to Regulation 1/2013 of Banco de Portugal, as amended by Regulations 8/2014 and 14/2014, using a base rate which is published by Banco de Portugal. There can be no assurance that in the future Banco de Portugal will maintain the current base rate. Increases in the base rate in future years may reduce the Bank's profitability. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

This situation has been disclosed in the financial statements of the Bank as a contingent liability, with no impact recorded on the financials or capital ratios of the Bank. There can be no assurance that such accounting treatment will be maintained in the future, and as such there is no guarantee that the Bank's business, financial condition, results of operations, prospects and capital ratios will not be affected by the factors described above.

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The impact of the above is uncertain and the Bank can give no assurance that the current understanding/framework/accounting treatment and related contributions will not be changed in the future (including that recourse to special contributions may occur) thus negatively impacting BCP's financial condition, including a negative impact on net income, capital ratios, earnings and long-term targets.

### *European Deposit Insurance Scheme*

The establishment of EDIS is contingent on certain political decisions, in particular as to whether it should be a system based on the reinsurance between the several national deposit guarantee funds or a mutualisation mechanism at the European level. The decision and implementation processes of the guarantee scheme may have material adverse effects on the Bank's business activity, liquidity, financial condition, results of operations and prospects.

The harmonisation of the deposit guarantee system, through Directive 2014/49/EU of the European Parliament and of the Council, of 16 April 2014, concerning the deposit guarantee systems, resulted in some significant changes to the systems currently in force in each of the Member States, including Portugal. The changes contemplate the introduction of size and risk based contributions by entity and harmonisation of products and depositors covered, maintaining, however, the principle of a harmonised limit per depositor and not per deposit.

According to the BRRD, and consequently the Banking Law, as amended, including, without limitation, the amendments of Law No.23-A/2015, of 26 March, banks must ensure that by 3 July 2024, the financial resources available to a deposit guarantee scheme ("**DGS**") amount to a target-level of 0.8% of the amount of DGF-covered deposits.

If, after this target level is reached for the first time, the available financial resources come to be less than two thirds of the target level, Banco de Portugal will set the periodic contributions at a level that allows the target level to be reached within six years. If the available financial resources are not sufficient to reimburse the depositors, in the event of unavailability of deposits, DGS members must pay *ex-post* contributions not exceeding 0.5% of the DGF-covered deposits for the exercise period of the DGF. In exceptional circumstances, the DGS can request a higher amount of contribution with the approval of Banco de Portugal.

The exemption from the immediate payment of ex-ante contributions shall not exceed 30% of the total amount of contributions raised. This possibility depends on the credit institutions undertaking irrevocable payment commitments, to pay part of or the whole amount of the contribution which has not been paid in cash to the DGF, that are fully backed by collateral composed of low-risk assets unencumbered by any third-party rights and partly or wholly pledged in favour of the DGF at the DGF's request.

The additional indirect costs of the deposit guarantee systems may be significant and can consist of costs associated with the provision of detailed information to clients about products, costs of compliance with specific regulations on advertising for deposits or other products similar to deposits. They can therefore affect the activity of the relevant banks and consequently their business activities, financial condition, results of operations and prospects. As a result of these developments, the Bank may incur additional costs and liabilities which may adversely affect the Bank's business, operating results, financial condition and prospects.

***The resolutions adopted by the European Commission regarding financial services and products in the context of disclosure compliance and investor protection, changes in consumer protection laws and the legal changes regarding the temporary framework relating to COVID-19 may limit the business approach and fees that the Bank can charge in certain banking transactions.***

Several European Commission regulatory initiatives regarding financial services and products have been transposed/implemented in the past few years, including:

1. The Markets in Financial Instruments Directive II, Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, as amended ("**MiFID II**"), which has been transposed into the national legal framework by Law No. 35/2018, of 20 July 2018, and is already in force with some additional related regulations pending, and the Markets in Financial Instruments Regulation, Regulation (EU) No. 600/2014 of the European Parliament and of the Council, of 15 May 2014, as amended ("**MiFIR**");

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2. Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, as amended, relating to packaged retail and insurance-based investment products ("**PRIIPs**"), complemented by Delegated Regulation (EU) No. 653/2017 of the Commission, of 8 March 2017, as amended, which applies from 1 January 2018. On 4 January 2018, the CMVM issued a "Circular" regarding PRIIPs subject to the CMVM's supervision, outlining further applicable requirements and Law 35/2018, of 20 July 2018 introduced the legal framework for PRIIPs in Portugal; and
3. The European Market Infrastructure Regulation, Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, as amended ("**EMIR**"), which sets out procedures regarding over-the-counter ("**OTC**") markets and derivatives, namely on clearing.

Also, the European Union General Data Protection Regulation, approved by the Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27 April of 2016, as amended ("**GDPR**"), replaces the Data Protection Directive 95/46/EC and was designed to harmonise data privacy laws across Europe, to protect and empower all European Union citizens' data privacy and to reshape the way organisations across the region approach data privacy.

Furthermore, Decree-Law No. 107/2017, of 30 August 2017, lays down the rules on switching of payment accounts, the comparability of commissions, as well as the access to payment accounts with basic features, transposing Directive 2014/92/EU. Changes in consumer protection laws in Portugal and other jurisdictions where the Bank has operations could limit the fees that banks may charge for certain products and services, such as mortgages, unsecured loans, credit cards and fund transfers and remittances. See "*Description of the Business of the Group – Recent developments on the banking regulation*".

Compliance with these obligations entails increased operational and financial costs for the Bank and may also affect the provision of financial services to customers, and therefore impact on the Bank's overall results. Furthermore, some of them are being revised or their full implementation is only foreseen in the coming years.

The implementation of these legal initiatives could affect the regular functioning of the market and significantly impact the Bank's business, financial condition, net income and prospects.

### *Temporary framework relating to COVID-19*

- Changes in Portuguese legislation regarding banking commissions

Decree-law No. 10-H/2020 of 26 March 2020, establishes exceptional and temporary measures to promote the acceptance of card-based payments in the context of the COVID-19 pandemic. It establishes the suspension of commissions on payment operations: (i) the collection of the fixed component of any commission, for card payment transactions at automatic payment terminals; (ii) payment service providers are prohibited from making increases in the variable components of fees per transaction, as well as other fixed fees which are due for the use of automatic payment terminals in card payment transactions and (iii) payment service providers cannot include in their pricing the possibility to charge for new fixed or variable fees relating to the acceptance of card payment transactions made at automatic payment terminals.

Law no. 7/2020 of 10 April 2020, establishes exceptional and temporary measures in the context of the COVID-19 pandemic including the suspension, under certain circumstances, of the commission charged in payments made through digital platforms.

Apart the temporary framework relating to COVID-19 pandemics, other laws may be implemented in order to limit or suspend other type of commissions.

Further limitations or reductions of commissions charged by banks in Portugal may adversely affect the business and performance of the Issuer.

- Moratoria on loan repayments

Decree-Law No. 10-J/2020 of 26 March 2020, as amended, establishes extraordinary measures for debt protection in the context of the COVID-19 pandemic, to which a range of borrowers may adhere. Moratoria measures include: (i) prohibition of revocation of contracted credit lines and granted loans; (ii) extension of contracts with capital payment at the end of the contract; (iii) suspension of payments in respect of claims



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which are to be repaid in instalments or in respect of other instalments (and adjustment of the instalments calendar accordingly) and (iv) suspension of interest due during the extension period which will be capitalised into the value of the loan. The moratoria will be in force until 30 September. See also below "*The Bank is exposed to the consequences of the COVID-19 pandemic*".

The implementation of these legal initiatives or other similar/broader initiatives that may arise in the future, and which content is unknown could impact the Bank's business, financial condition, net income, capital, RWA and prospects namely after the end of moratoria when firms need to revert to usual payment of instalments and the prudential temporary framework will likely not apply. Some of the supervisory measures applied by the ECB to banks are temporary in nature, i.e., until further notice, creating further uncertainty. The ECB has acknowledged that it will monitor the situation and review this stance when the economic and financial distress related to COVID-19 fades. Similarly, Banco de Portugal has highlighted the heightened uncertainty about the magnitude and duration of the outbreak.

***The Bank is subject to compliance risk, which may lead to claims of non-compliance with regulations and lawsuits by public agencies, regulatory agencies and other parties.***

Furthermore, as the Bank operates in a highly regulated industry, it may be subject to claims of non-compliance with regulations and lawsuits by public agencies, regulatory agencies and other parties. The Bank's regulators frequently conduct inspections and request information in respect of the Bank's or its clients' activities and transactions. Any inspections or other proceedings that are unfavourable to the Bank may result in sanctions, limitations on its business opportunities, or a reduction of its growth potential, and may have an adverse effect on the Bank's ability to comply with certain contractual obligations or retain certain commercial relationships.

Among other's the Bank is subject:

- to provisioning requirements, minimum cash level, credit qualification, record-keeping, privacy, liquidity, permitted investments, contingency, and other prudential and behavioural requirements which have associated costs; any increase or change in the criteria of these requirements could have an impact on the Bank's operations and results;
- to rules and regulations related to the prevention of money laundering, bribery and terrorism financing. Compliance with anti-money laundering, anti-bribery and counter-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences and consequences in the Bank's relationship with its clients, partners, service providers and other third parties. Although the Bank believes that its current anti-money laundering, anti-bribery and counter-terrorist financing policies and procedures are adequate to ensure compliance with applicable legislation, the Bank cannot guarantee that it has in the past or will comply, at all times, with all applicable rules or that its regulations for fighting money laundering, bribery and terrorism financing as extended to the whole Group are applied by its employees under all circumstances; and
- to competition regulations. In particular, the Bank is subject to laws prohibiting the abuse of a dominant market position and prohibiting agreements and/or concerted practices between business entities that aim to prevent, restrict or distort competition, or have the effect of preventing, restricting or distorting competition. In cases where the Bank is found to have infringed the relevant rules of Portuguese and/or European Union competition law, the Bank is subject to the risk of fines of up to 10% of its consolidated annual turnover in addition to a public announcement of any sanctions issued. In addition to penalties imposed by the European Commission and/or the Portuguese Competition Authority, the Bank may be ordered by these entities or by national courts, as applicable, to discontinue certain practices, comply with behavioural or structural remedies, or pay damages to third parties that demonstrate that they have been harmed by the Bank's infringement of the competition rules, whether based on an earlier infringement decision by the relevant authority or independent of any such decision. The Bank may also be subject to similar consequences in other jurisdictions where it is active, as imposed by competition authorities or national courts of such jurisdictions. This can lead to material adverse effects on the Bank's business, financial condition, results of operations and prospects.

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***The Bank is subject to obligations and costs resulting from the legal and regulatory framework related to the prevention, mitigation and monitoring of asset quality.***

Several regulatory and legislative initiatives have been and continue to be put in place to address asset quality issues, with particular focus on the non-performing exposures ("NPEs") and/or non-performing loans ("NPLs") as authorities highlight credit risk and heightened levels of NPLs as key risks facing euro area banks.

In compliance with the ECB's banking supervision, the Bank has been implementing a NPE reduction plan which is closely monitored by the ECB, and is globally aligned with the ECB's Guidance on NPL and subsequent Addendum, which addresses the main aspects of the strategy, governance and operations relating to an efficient disposal of NPLs, but adjustments and recommendations can follow from the regular monitoring performed by the supervisor.

BCP's NPE reduction plan is closely monitored by the ECB. Further requirements imposed by the ECB may arise from the follow-up discussions and new regulations on the matter. This could adversely and significantly impact the Bank's business, results of operations, financial condition, including capital position, and prospects.

Following the measures announced by the national governments to mitigate the negative impacts of COVID-19 outbreak, the ECB announced a flexible application of the unlikely-to-pay classification for governmental guarantees and moratoria. It has also announced that guarantees that turn non-performing will receive favourable treatment in terms of coverage requirements for a period of seven years following their deterioration. The ECB has asked banks to smooth the procyclicality of IFRS 9 provisioning models as much as possible. It has also recommended all institutions that have not done so to start applying IFRS 9 on transitional rules. This measure is not applicable to BCP, which has already implemented IFRS9 in full.

The implementation of the legal and regulatory framework currently envisaged, as well as any potential additional regulatory or self-regulation measures, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. See "*Description of the Business of the Group – Trends Information*" and "*Recent developments on the banking regulation*" for further details on the implementation of the Bank's NPL strategy and on regulatory developments regarding NPLs and NPEs.

***Changes to tax legislation, regulations, higher taxes or lower tax benefits could have an adverse effect on the Bank's activity. Implementation of legislation relating to taxation of the financial sector could have a material adverse effect on the Bank's results of operations.***

The Bank might be adversely affected by changes in the tax legislation and other regulations applicable in Portugal, the European Union and other countries in which it operates, as well as by changes in the interpretation of legislation and regulation by the competent Tax Authorities. In addition, the Bank might be adversely affected by difficulties in the interpretation of or compliance with new tax laws and regulations. The materialisation of these risks may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The various measures approved by the Portuguese Republic to ensure budgetary consolidation, stimulate the economy and support the banking system have led to a considerable increase of public debt levels. In the context of low growth, the need to restore the balance of public finances in the medium term led to increased tax costs through the expansion of the tax base, the increase in tax rates and/or reduction of tax benefits, as well as the increase in restrictions on tax planning practices, which may directly affect the Bank's net income. Moreover, changes in legislation may require the Bank to bear additional costs associated with participation in financial stabilisation mechanisms and resolution funds at a national and European level.

For example, despite the ex-ante Contribution to the Single Resolution Fund to support the application of resolution measures at EU level, the Bank is still liable to the following bank levy and contributions:

- Under Law No. 55-A/2010, of 31 December, and Ministerial Order (*Portaria*) No. 121/2011, of 30 March, as amended, a bank levy is applicable to the Bank (EUR 30.4 million in 2018 and EUR 31,7 million in 2019) and will be applied over (a) the Bank's liabilities at a tax rate of 0.11% and

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(b) the notional amount of off-balance sheet financial derivatives, excluding hedging derivatives and back-to-back derivatives, at a tax rate of 0.0003%. The taxable base is calculated by reference to an annual average of the monthly balances of the qualifying items, as reflected in the relevant year's approved accounts.

- The Bank is also liable to periodic special and additional contributions that must be paid to the Portuguese Resolution Fund, as stipulated in Decree-Law No 24/2013 and Law No. 23-A/2015, of 26 March (EUR 11.2 million in 2018 and 15.9 million in 2019). The periodic contributions are determined by a base rate, established by the Bank of Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile based on the objective incidence of those contributions, deducted from the liability elements that are part of the core capital and supplementary and from the deposits covered by the Deposit Guarantee Fund.

Additionally, on 14 February 2013 the European Commission published its proposal for a Council Directive for enhanced co-operation in the form of a financial transaction tax ("FTT"), of which Portugal would be a member. Currently, after the withdrawal of the Republic of Estonia as a Member State wishing to participate in the establishment of the enhanced cooperation, 10 countries are participating in the negotiations on the proposed directive: Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. At the working party meeting of 7 May 2019, participating Member States indicated that they were discussing the option of an FTT based on the French model of the tax, and the possible mutualisation of the revenues among the participating member states as a contribution to the EU budget.

At this stage, there can be no assurance that an FTT or similar additional bank taxes and national financial transaction taxes will not be adopted, at any moment, by the authorities of the jurisdictions where the Bank operates.

Any such additional levies and taxes could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank also has ongoing ordinary course disputes with the Tax Authorities and, although it considers the provisions it has made regarding these disputes to be adequate to cover the risk of judgements against the Bank it is unable to ensure their sufficiency or the outcome of such disputes.

### ***The new regulatory framework for insurance companies may negatively impact the Bank's operations.***

The Bank has a partnership agreement with an insurance company for the placement of insurance products through the commercial distribution networks of the Bank, being remunerated for insurance intermediation services ("**bank assurance activity**"), and the Bank holds a 49% stake in Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. ("**Millennium bcp Ageas**"). Measures, regulations and laws, such, but not limited to, additional requirements in terms of minimum capital requirements, supervisory review of firms' assessment of risk and enhanced disclosure requirements, affecting the insurance business may impact on the Bank's business, financial condition, net income and prospects, directly, through commission's income, or indirectly, through the change of valuation of the equity stake. See *Description of the Business of the Group – Trends Information and Recent developments on the banking regulation*.

### ***The Bank is subject to changes in financial reporting standards, such as IFRS 9 and IFRS 16, or policies, including as a result of choices made by the Bank, which could materially and adversely affect the Bank's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios.***

The Bank's financial statements are prepared in accordance with European Union IFRS, which is periodically revised or expanded. Accordingly, from time to time the Bank is required to adopt new or revised accounting standards issued by recognised bodies, mainly the International Accounting Standards Board. It is possible that future accounting standards which the Bank is required to adopt, could change the current accounting treatment that applies to its financial statements and that such changes could have a material adverse effect on the Bank's results of operations and financial condition.

On 1 January 2018, the Group adopted the IFRS 9 – Financial Instruments, replacing the IAS 39 – Financial Instruments: Recognition and measurement which were in force until 31 December 2017. IFRS 9 establishes new rules for the recognition of financial instruments and introduces relevant changes, namely in terms of their rating and measurement and also the methodology for calculating the impairment of

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financial assets. For this reason, it is a standard that has been subject to a detailed and complex implementation process that has involved all the key stakeholders in order to understand the impacts but also the changes in processes, governance and business strategy that may be required. The requirements of IFRS 9 are applied retrospectively by adjusting the opening balance at the date of initial application.

The main changes resulting from IFRS 9 are related to impairment requirements. IFRS 9 introduces a new model for impairment estimates based on expected losses while the model under IAS 39 was based on incurred losses. The IFRS 9 impairment model is applicable to financial assets valued at amortised cost, to debt instruments valued at fair value through other comprehensive income, and to contingent risks and commitments not valued at fair value. It should be underlined that the implementation of the new standard requires the application of more complex credit risk models of greater predictive power which require a significantly broader set of source data than the previously applied models.

The Group determines the expected credit losses of each operation as a result of the deterioration of credit risk since its initial recognition. For this purpose, operations are classified into one of the following three stages:

- (a) Stage 1: operations with no significant increase in credit risk since its initial recognition are classified in this stage. Impairment losses associated with operations classified in this stage correspond to expected credit losses resulting from a default event that may occur within 12 months after the reporting date (12-month expected credit losses);
- (b) Stage 2: operations with a significant increase in credit risk since its initial recognition but not impaired, are classified in this stage. Impairment losses associated with operations classified in this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (lifetime expected credit losses); or
- (c) Stage 3: impaired operations are classified in this stage. Impairment losses associated with operations classified at this stage correspond to lifetime expected credit losses.

As a result of IFRS 9, the Bank recognised credit losses on loans and other financial instruments based on expected losses rather than incurred losses. Considering allowance for credit losses will be based on forward-looking information IFRS 9 has led to an increase in subjectivity. The forward-looking information mentioned takes into account the evaluation of future macro-economic conditions which are monitored on a continuous basis and that are also used for management and internal planning. Credit losses are defined as the expected contractual cash-flows not received over the estimated life of the financial instrument, discounted at the original interest rate. Following this definition, expected credit losses correspond to credit losses determined by considering future economic conditions.

As credit losses are recognised at an earlier stage this will lead to a higher loan loss allowance, and corresponding lower capital on implementation of IFRS 9. In addition, IFRS 9 is expected to lead to more profit and loss volatility, because changes in counterparty credit quality could lead to shifts from a 12-month expected loss to a life time expected loss and vice versa. In addition, more financial instruments may be classified at fair value through profit or loss. An increase in credit loss could have an impact on lending activities and the potential for greater pro-cyclicality on lending and impairment exists owing to implementation of IFRS 9. Further changes in financial reporting standards or policies, including as a result of choices made by the Group, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects and may have a corresponding material adverse effect on capital ratios.

The Group adopted IFRS 16 – Lease transactions on 1 January 2019, replacing IAS 17 – Lease transactions, which was in force until 31 December 2018. The Group did not adopt any of the requirements of IFRS 16 in prior periods. This standard establishes the new requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases will continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single model of accounting for lease contracts, which results in the recognition of a right-of-use asset and a lease liability for all leases, except for those which the lease term ends within 12 months or for those which the underlying asset is of low-

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value and, in these cases, the lessee may opt for the exemption from recognition under IFRS 16, and shall recognise the lease payments associated with these leases as an expense. The Group chose not to apply this standard to short-term lease contracts, i.e. contracts with a term shorter than or equal to one year, and to lease contracts in which the underlying asset's value is below EUR 5,000. Additionally, this standard is not applied to leases of intangible assets.

Regarding income statement, the adoption of IFRS 16 led to changes in the items regarding depreciation, other administrative costs and net interest income, with the net impacts being recognised as immaterial.

Following the measures announced by the national governments to mitigate the negative impacts of the COVID-19 outbreak, the ECB announced a flexible application of the unlikely-to-pay classification for governmental guarantees and moratoria. It has also announced that guarantees that turn non-performing will receive favourable treatment in terms of coverage requirements for a period of seven years following their deterioration. The ECB has asked banks to smooth the procyclicality of IFRS 9 provisioning models as much as possible.

If the Bank's regulators adopt or interpret more stringent standards or views on the applicable standards than the Bank anticipates, the Bank could experience unanticipated changes in its reported financial statements, including but not limited to restatements or the inclusion of reserves in review or audit reports, which could adversely affect the Bank's business due to litigation and loss of investor confidence in its financial statements.

***The Bank's financial statements in conformity with EU IFRS require the exercise of judgements and use of assumptions and estimates which, if incorrect, could have a material impact on the Bank's business, results of operations, financial condition, prospects and capital ratios.***

The preparation of financial statements in conformity with European Union IFRS requires management to exercise judgement and use estimates and assumptions that affect the reported amounts of assets, liabilities, equity, income and expenses. Due primarily to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. For example, due primarily to the inherently uncertain outcome of settlements of claims and litigation, it is difficult to provide for sufficient legal and regulatory provisions, and if the provisions made turn out not to be sufficient, the Bank will have to report additional losses.

Judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and known at the date of preparation and issuance of the respective financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Bank's results and financial condition, based upon materiality and significant judgements and estimates, include the following areas: impairment of the financial assets available for sale, losses due to impairments in credit to clients, fair value of derivative financial instruments, investments held to maturity, entities included in the consolidation perimeter, taxes on profit, pensions and other benefits to employees, goodwill impairments and impairments in non-current assets held for sale (properties). If the exercise of judgement and the use of estimates and assumptions by the Group in preparing its consolidated financial statements in conformity with European Union IFRS are subsequently found to be incorrect, this could have a material impact on the Bank's business, results of operations and financial condition, including capital ratios.

***The use of standardised contracts and forms carries certain risks.***

The Bank maintains contractual relationships with a large number of clients. The management of such a large number of legal relationships involves the use of general terms and conditions and standard templates for contracts and forms. This could pose a significant risk to the large number of contracts containing subjects that need clarification and drafting errors or requiring individual terms and conditions. In light of recent amendments to the applicable legal frameworks as a result of new laws or judicial decisions, it is possible that not all standard contracts and forms used by the Bank comply with every applicable legal requirement at all times.

If there are drafting errors or interpretive issues, or if the individual contractual terms or the contracts are invalid in their entirety or in part, many client relationships may be negatively affected. Any resulting

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claims for compensation or other legal consequences may have an adverse effect on the Bank's business, financial condition, results of operations and prospects.

### 1.3 Risks relating to Acquisitions

#### *The Bank may be the object of an unsolicited acquisition bid.*

In light of the ongoing trend in Europe towards consolidation in the banking sector, and like any listed company, the Bank could be the target of an unsolicited acquisition bid. If such an acquisition were to occur, there could be changes in its corporate strategy, the main focus of its business, or its operations and resources, which could have a material adverse effect on the Bank's business, financial condition or results.

#### *The Bank or its subsidiaries may engage in mergers and/or acquisitions.*

Although the Bank's strategic plan is focused on organic growth and while it has reinforced its commitment to its strategic goals, there is no guarantee that it will not participate in mergers and/or acquisitions in Portugal or elsewhere should such opportunities arise. In the event the Bank or any of its subsidiaries participates in mergers and/or acquisitions, there could be changes in its corporate strategy, in its organisation and structure, its main business focus, its resources, and in its financial condition and results of operations. Additionally, if the Bank or its subsidiaries were to engage in such an operation, it is possible that the Bank may not be able to extract all the cost and/or revenue synergies, totally or partially, associated with such mergers and/or acquisitions. The Bank may also have to bear additional personnel costs resulting from any restructurings needed to integrate acquired operations or businesses successfully. Moreover, future mergers or acquisitions could result in unexpected losses due to unforeseen liabilities, which could have a material adverse effect on the Bank's business, financial condition or results of operations.

### 1.4 Risks relating to the Bank's Business

#### *The Bank is exposed to the consequences of the COVID-19 pandemic*

A widespread global pandemic of the severe respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2) and of the infectious disease COVID-19, caused by the virus, is currently taking place worldwide, affecting the lives of a large portion of the global population.

The range of implications of this pandemic is not yet fully determined but it is already foreseeable that it will have a material adverse impact on the Portuguese economy, as well as on the economies of all other jurisdictions in which the BCP Group operates.

The COVID-19 pandemic is leading to an adverse economic shock, with very substantial effects on business activities. Therefore, the Portuguese economy is forecasted to undergo a significant deterioration as a result of the pandemic. On 26 March 2020, the Bank of Portugal announced that the recession of the Portuguese economy in 2020 could be between -3.7% in a baseline scenario and -5.7% in an adverse scenario (Source: Bank of Portugal, Economic Bulletin, 26 March 2020). On 14 April 2020, the IMF announced that it expected a more severe recession, with a contraction of -8% of the Portuguese GDP in 2020 (Source: IMF, WEO, April 2020), as the pandemic and the necessary lockdown measures had aggravated. In 2021, both institutions foresee a gradual recovery of the Portuguese economy. However, there is heightened uncertainty underlying this scenario and the possibility of the impact of the pandemic crisis may assume a more persistent nature as a result of the destruction of installed productive capacity.

The pandemic has led to the declaration of state of emergency in various countries, including Portugal, as well as the imposition of travel restrictions, the establishment of quarantines and the temporary shutdown of various institutions and businesses and several institutions have taken unprecedented measures, such as having the vast majority of its employees now working remotely.

The BCP Group is following a contingency plan (the "**Contingency Plan**") adapted to the pandemic scenario, which has been updated specifically for the current crisis, and has created a specific Crisis Management Office for this effect. In this context, in line with the guidelines issued by the authorities and supervisory entities, the Bank has defined an action plan aimed at protecting customers and employees, mitigating the probability of contagion and ensuring the operational continuity of the business. Guidance was also issued to service providers. See "*Description of the Business of the Group – Trends Information*" for further details on the implementation of the Bank's Contingency Plan.

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Notwithstanding the existence of the Contingency Plan, the spread of the virus amongst the Bank's employees, or any quarantines affecting the Bank's employees or facilities, may reduce the Bank personnel's ability to carry out their work as usual.

Furthermore, the current COVID-19 pandemic and any potential future outbreaks may also have a material adverse effect on the Bank's counterparties and/or clients, resulting in additional default risk for the Bank by exposing the Bank to a potential increase in the number of defaults and insolvencies among its counterparties and/or clients.

Measures were already implemented by the Portuguese Government and the Bank has also announced voluntary measures to address the impact of the pandemic which have an impact on the Bank. Further potential measures may be implemented by the Portuguese Government and the Bank which can also have an impact on the Bank.

The Portuguese Government announced a 6-month moratorium (for the avoidance of doubt it does not imply a cancellation or pardon of any amount) on loan payments (capital and/or interest) until 30 September 2020 (Decree-Law No. 10-J/2020, of 26 March 2020, as amended (the "**Decree-Law No. 10-J/2020**")). The moratorium is available for individuals (in particular, borrowers under mortgage loans to finance their own permanent residence and entrepreneurs (*empresários em nome individual*)) and companies that are not in the financial sector (as well as certain third sector entities who can also apply to the moratorium), depending on the fulfilment of certain conditions. Decree-Law No. 10-J/2020 also foresees the granting of guarantees by the Portuguese State, including to non-financial corporate entities, subject to certain conditions.

To help families and businesses overcome the economic challenges caused by the COVID-19 pandemic, BCP has launched a set of measures worth a total of EUR 4.7 billion, addressed to both individuals and companies. See "*Description of the Business of the Group – Trends Information*" for further details on the set of measures launched by BCP.

Following the issue by the EBA, on 2 April 2020, of guidelines on public and private moratoria on loan operations in the light of the COVID-19 pandemic (EBA/GL/2020/02), on 16 April 2020, the members of the Portuguese Banking Association (including BCP) signed a protocol setting the basis for two types of private moratoria, both of which are for individuals who may be residents or non-residents in Portugal. One covers non-mortgage loans (i.e. personal or car loans) and the other mortgage loans.

It is not possible at this stage to assess all the specific measures that may be implemented to curb the effects of the COVID-19 pandemic.

Another possible consequence of the ongoing pandemic, and any potential future outbreaks, could be an adverse impact on the real estate market, including a decrease in the value of real estate assets, which could negatively affect the Bank's pool of real estate assets. Temporary measures in Portugal to tackle the epidemic caused by COVID-19 have already established the temporary suspension of foreclosures of mortgages over real estate property used for permanent residence.

Finally, cost-of-risk could increase as a result of the COVID-19 outbreak, in particular if the Bank follows the same approach as banks in other geographies, such as Spain, where banks are frontloading provisions to address the negative impacts of the COVID-19 pandemic. In fact, the Bank booked total COVID-19 related provisions amounting to EUR 78.8 million in the first quarter of 2020, of which EUR 60.0 million in Portugal and EUR 18.8 million in the international operations (EUR 10.2 million, net of non-controlling interests).

Also, the pace of reduction of NPEs going forward is not expected to be maintained. Until the end of 2019, the Bank was reducing NPEs at a pace of 25% to 30% per year. NPE sales should decline as a result of the COVID-19.

Any of these factors may have a material adverse effect on the Bank's business, financial condition results of operations and prospects, therefore affecting the Bank's ability to make the payments under the Notes.

### ***The Bank is exposed to risks related to FX-indexed mortgage loans.***

Regarding mortgage loans granted by Bank Millennium S.A. ("**Bank Millennium**") in Poland in CHF until 2008, there are risks related to verdicts issued by Polish courts in individual lawsuits against banks

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(including Bank Millennium) raised by borrowers of foreign exchange indexed ("**FX-indexed**") mortgage loans.

The vast majority of verdicts in lawsuits concerning Bank Millennium have been favourable to the Bank so far. However, it should be noted that there is a significant risk that such favourable verdicts may not continue to be verified, as a result of which pending lawsuits' verdicts may not be taken in accordance with the Bank's expectations. If such risk materializes, it may have a significant negative impact on Bank Millennium.

On 3 October 2019, the Court of Justice of the European Union ("**CJEU**") issued a judgment on Case C-260/18, in connection with the preliminary questions formulated by the District Court of Warsaw in the lawsuit against Raiffeisen Bank International AG. The judgment of CJEU, combined with the interpretation of European Union Law, is binding on domestic courts.

CJEU's judgment concerns only the situations where the national court has previously found the contract terms to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be identified as abusive in the circumstances of the lawsuit. It can be reasonably assumed that the legal issues relating to FX-indexed mortgage loans will be further examined by the national courts within the framework of the disputes considered, which could possibly result in the emergence of further interpretations relevant for the assessment of the risks associated with subject matter proceedings. This circumstance indicates the need for constant analysis of these matters. Further requests for clarification and ruling addressed to the CJEU and the Supreme Court of Poland with potential impact on the outcome of the court cases may also be filed.

As at 2019, the Bank had 2,010 FX-indexed mortgage loans under individual litigations, submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 203 million (EUR 47.74 million). Until 31 December 2019, only 19 of these cases had obtained a final verdict, being the vast majority in accordance with the Bank's interest. For further details, please see "*General Information – Litigation*".

According to the Polish Bank Association ("**ZBP**"), during 2019, over 70% of the lawsuits regarding FX-indexed mortgage loans obtained a final verdict favourable to the banks involved. However, after the CJEU judgment regarding Case C-260/18 issued on 3 October 2019, there is a risk that this so far positive scenario for the banks may change.

Considering the increased legal risk related to FX-indexed mortgages, Bank Millennium created a provision in the amount of PLN 223 million (EUR 52.45 million) for legal risk. The methodology developed by Bank Millennium is based on the following main parameters: (i) the number of current (including class actions) and potential future court cases that will appear within a specified (three-year) time horizon; (ii) the amount of Bank Millennium's potential loss in the event of a specific court judgment (three negative judgment scenarios were taken into account); and, (iii) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases.

Bank Millennium undertakes several actions at different levels towards different stakeholders in order to mitigate legal and litigation risk regarding the FX-indexed mortgage loans portfolio. Bank Millennium is open to negotiate case-by-case favourable conditions for early repayment (partial or total) or the conversion of loans to PLN. On the other hand, Bank Millennium will continue to take all possible actions to protect its interests in courts while, at the same time, being open to find settlement with customers in the court under reasonable conditions.

An increase of unfavourable verdicts related to cases in Courts related to FX-indexed mortgages loans may require additional provisions by Bank Millennium, thus adversely affecting its financial condition, results of operations and prospects. Consequently, this could have a material adverse effect in the Bank's consolidated results, financial condition and prospects.

***The Bank is exposed to the credit risk of its customers.***

The Bank is exposed to its customers' credit risk. Gross exposure to risk of credit (position in original risk) on 31 December 2019 was EUR 96.2 billion.



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As at 31 December 2019, the breakdown of this exposure was the following: EUR 15.7 billion for central governments or central banks, EUR 0.8 billion for regional administrations or local authorities, EUR 0.3 billion for administrative entities and non-profit organisations, EUR 0.04 billion for multilateral development banks, EUR 3.2 billion for other credit institutions, EUR 66.3 billion for retail and companies customers and EUR 9.9 billion for other elements.

According to Banco de Portugal latest available data, Portugal's NPE coverage by loan loss reserves ("LLR") was 53.5% in the first nine months of 2019 and the NPE ratio (loans only) stood at 7.7%. The Bank NPEs (loans only) as at 31 December 2019 were EUR 4.2 billion (7.7%) with a coverage by impairments of 58% and a coverage by impairments, collaterals and Expected Loss Gap of 116%.

The materialisation of the recession scenario forecasted by several entities, notably the Bank of Portugal and the IMF as a result of the COVID-19 outbreak, could increase the Bank's cost-of-risk.

A general deterioration of the Portuguese economy (and of the global economy) and the systemic risk of financial systems due to structural imbalances could affect the recovery and value of the Bank's assets and require increased credit impairments, which would adversely affect the Bank's financial condition and results of operations. This could further increase the Bank's NPL and NPE ratios and impair the Bank's loan portfolio and other financial assets.

### ***The Bank is exposed to further deterioration of asset quality.***

The value of assets collateralising the Bank's secured loans could decline significantly as a result of a general decline in market prices or a decline in the value of the asset class underlying the collateral, which could result in an increase of the impairment recognised for the collateralised loans granted by the Group. Loan volume to both businesses and individuals is expected to remain depressed in Portugal due primarily to downward pressure of austerity measures on household disposable income and the firms' profitability, as well as the resulting deterioration in the business environment, more restrictive credit conditions and stressed liquidity. A decline in equity and debt market prices could also have an impact on the quality of the Bank's collateral linked to financial assets leading to a reduction in coverage ratios.

In light of the Portuguese macroeconomic situation and the Bank's older loan exposures to some of the more vulnerable sectors in the economy, in 2019, the Bank continued to increase the level of coverage through impairments and collateral.

The SSM publicly released, on 22 August 2019, clarifications on topics related to the NPE coverage rules. As a result banks will have 7 years to provision collateralized NPEs and 9 years for collateralized NPEs with real estate collateral and 3 years for other non-collateralized NPEs.

For new NPEs generated from 26 April 2019, the provision coverage requirement becomes less stringent (it takes longer before 100% coverage is expected).

For new NPEs generated between 1 April 2018 and 25 April 2019 the previous coverage requirement is maintained, as well as for the stock of NPEs (all those generated before that date).

The Bank's consolidated gross loan portfolio, as at 31 December 2019, was EUR 54.7 billion (of which EUR 52.3 billion were recorded in the caption "Financial assets at amortised cost – Loans to customers", EUR 2.1 billion were recorded in the caption "Debt securities held associated with credit operations" and EUR 0.4 billion were recorded in the caption "Financial assets not held for trading mandatorily at fair value through profit or loss - Loans and advances to customers at fair value"). The ratio of NPEs (loans only) stood at 7.7% as at 31 December 2019, compared to 10.9% as at 31 December 2018. As at 31 December 2019, the loan portfolio in Portugal amounted to EUR 36.7 billion. In Portugal, the ratio of NPEs stood at 8.8% as at 31 December 2019, compared to 12.9% as at 31 December 2018.

NPEs in Portugal amounted to EUR 3.2 billion as at 31 December 2019, with EUR 0.7 billion of NPEs relating to individuals and EUR 2.5 billion to companies. 52% of NPEs are NPLs more than 90 days. NPE coverage as at 31 December 2019 was 118% for Companies (67% by LLRs, 29% by real estate collateral and 22% by other collateral and EL gap) and 102% for Individuals (26% by LLRs, 72% by real estate collateral and 3% by other collateral and EL gap). NPLs more than 90 days' coverage as at 31 December 2019 was 124% for Companies (77% by LLRs, 13% by real estate collateral and 34% by other collateral and EL gap) and 102% for Individuals (32% by LLRs, 66% by real estate collateral and 4% by other collateral and EL gap). Other NPE coverage as at 31 December 2019 was 112% for Companies (56% by

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LLRs, 45% by real estate collateral and 11% by other collateral and EL gap) and 101% for Individuals (19% by LLRs, 80% by real estate collateral and 2% by other collateral and EL gap).

The persistence of volatility and adverse economic and financial circumstances at worldwide, European and national levels increase the risk of deterioration of the quality of the consolidated loan portfolio and may also lead to increased impairment losses and deterioration of the regulatory capital ratios. Loan impairment (net of recoveries) amounted to EUR 390.2 million in 2019, recorded in the caption "Impairment for financial assets at amortised cost – Loans and advances to customers", EUR 464.6 million as at 31 December 2018, recorded in the caption "Loans impairment", and EUR 623.7 million as at 31 December 2017, recorded in the caption "Loans impairment". From 2011 to 31 December 2019, the Bank made impairment provisions amounting to EUR 8,141 million. Cost of risk<sup>1</sup>, measured by the proportion of loan impairment annualised charges (net of recoveries) compared to loans to customers (gross), stood at 72 basis points in 2019, compared to 92 basis points in 2018, 122 basis points in 2017 and 216 basis points in 2016. The persistence, or deepening, of the crisis, general market volatility, sluggish economic growth and increased unemployment, coupled with either decreased consumer spending or a sharp increase in risk premiums required would lead to increased loan impairment costs and, consequently, to the reduction of the Bank's net income. In addition, the level of impairment and other reserves may not be sufficient to cover possible future impairment losses, and it may be necessary to create additional provisions of significant amounts. Any failure in risk management or control policies relating to credit risk could adversely affect the Bank's business, financial condition, results of operations and prospects.

In Poland, the NPL ratio as at 31 December 2019 was 2.7%, compared to 2.5% as at 31 December 2018.

In Mozambique, the NPL ratio as at 31 December 2019 was 16.7%, compared to 16.4% as at 31 December 2018.

Credit risk and deterioration of asset quality are mutually reinforcing. If there is any reduction in the value of assets securing loans that have been granted or if the value of assets is not sufficient to cover the exposure to derivative instruments, the Bank would be exposed to an even higher credit risk of non-collection in the case of non-performance, which, in turn, may affect the Bank's ability to comply with its payment obligations. The Bank cannot guarantee that it would be able to realise adequate proceeds from disposals of collateral to cover loan losses, or that in the fiscal year 2018 and/or in future reporting periods, it will not raise impairment charges from recent levels. Deterioration in the credit risk exposure of the Bank may have a material and adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank is vulnerable to fluctuations in interest rates, which may negatively affect net interest income and lead to net loss and other adverse consequences.***

As from the end of December 2019, the interest applied by the ECB to the main refinancing operations is 0%, while the one that applies to permanent deposit facilities is -0.5%. These two interest rates, which serve as determinant references for the level at which market interest rates are established (in particular, EURIBOR), were consecutively reduced in the past 5 years.

The Bank's profitability depends largely on its ability to generate a net interest income (the difference between the interest rates received in credit operations and the interest rates paid to deposits).

A significant part of the Bank's funding comes from retail deposits. In a negative interest rate environment, the Bank may not be able to reduce the remuneration rate of such deposits consistently with the reduction of the interest rate applicable to credit operations. On the other hand, very low interest rates may result in a reduction of deposits stock and force the Bank to resort to more expensive financing instruments.

The majority of the Bank's credit portfolio is comprised of variable interest rate loans, linked to EURIBOR. A continuous decline in or maintenance of market interest rates at the current low levels could lead to the erosion of the Bank's net interest income, which the Bank (given the current environment in which it operates), may not be able to mitigate through the increase of its loan portfolio. This could result in material adverse effects on the Bank's business, financial condition, results of operations and prospects.

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<sup>1</sup> As used in this Base Prospectus, "cost of risk" means the ratio of impairment charges (net of recoveries) accounted to customer loans (gross).

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Interest rates are highly sensitive to many factors beyond the Bank's control, including policy changes of the monetary authorities and other national and international political constraints. Changes in market interest rates could affect the interest rates the Bank charges on interest-earning assets differently from those it pays on interest-bearing liabilities. These differences could reduce the Bank's net interest income.

Although the data released for the Eurozone related to GDP and inflation confirm a scenario of weak economic dynamics and absence of inflationary risks, an increase of interest rates in the Eurozone could increase the costs associated with debt repayment in Portugal and aggravate the financial conditions of the country in general, namely if the interest rate increase is not adequate for the particular macroeconomic conditions of the Portuguese economy. An increase in interest rates could reduce demand for loans and the Bank's capacity to grant loans to customers, contribute to increased loan default and/or increased interest expense with deposits. This could result in material adverse effects on the Bank's business, financial condition, results of operations and prospects.

Interest rate changes or volatility may materially and adversely affect the Bank's net income, business, financial condition, results of operations and prospects.

Law No. 32/2018, of 18 July, amending Decree-Law No. 74-A/2017, of 23 June 2017, on credit agreements for consumers relating to residential real estate property, entered into force on 19 July 2018 and, in the context of residential loan agreements, imposes on banking institutions the obligation to reflect the existence of negative rates in the calculation of interest rates applicable to the loans. According to this law, when the sum of the relevant index rate (such as EURIBOR) and the relevant margin is negative, this negative interest rate amount will have to either (i) be discounted from the principal amounts outstanding of the relevant loans or (ii) be converted into a credit which may in the future set off against positive interest rates (and ultimately be paid to the borrowers if it has not fully been set off at maturity). This could result in material adverse effects on the Bank's business, financial condition, results of operations and prospects.

***The Bank is exposed to concentration risk, including concentration risk in its credit exposure.***

The Bank is exposed to the credit risk of its customers, including risks arising from the high concentration of individual or economic group exposures in its loan portfolio. The 20 largest loan exposures of the Bank as at 31 December 2019 represented 7.84% of the total loan portfolio (gross) (9.3% as at 31 December 2018). The qualified shareholders' loan exposures as at 31 December 2019 represented 0.44% of the total loan portfolio (gross) (0.49% as at 31 December 2018).

The Bank also has high sectoral concentration in its loan book. As at 31 December 2019, the Bank's credit exposure to the real estate and civil construction sectors was 3.1% (real estate activities) and 3.1% (construction companies) of the total loan portfolio at the amortized cost (gross). On that date, 47.6% of the loan portfolio consisted of mortgage loans, the exposure to retail and wholesale commerce was 6.4% and the exposure to service sector companies was 15.8%.

As at 31 December 2018, the Bank's credit exposure to the real estate and civil construction sectors was 7% (real estate activities) and 4.0% (construction companies) of the total loan portfolio at the amortized cost (gross). On that date, 46.7% of the loan portfolio consisted of mortgage loans, the exposure to retail and commerce was 6.9% and the exposure to service sector companies was 17.3%.

Concentration is common for most of the main Portuguese banks, given the small size of the Portuguese market, and has been noted by the rating agencies as a fundamental challenge facing the Portuguese banking system. Rating agencies have been particularly critical of the Bank's exposure to larger customers and, especially, exposure to its shareholders. Although the Bank carries out its business based on strict risk control policies, in particular with respect to credit risk, and seeks to increase the diversification of its loan portfolio, it is not possible to guarantee that the exposure to these groups will not be increased or that exposure will fall in the future. If exposure increases in the future, it could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank is exposed to a contraction of the real estate market.***

The Bank is highly exposed to the Portuguese real estate market by means of the credit granted to construction companies, real estate activities, and mortgage loans, which represented 3.1%, 3.1% and 47.6% of the consolidated loan portfolio at the amortized cost, respectively, as at 31 December 2019 in assets related to its operations or obtained in lieu of payment, and indirectly through properties securing

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loans or through funding of real estate development projects (assets received in lieu of payment in Portugal represented 1.2% of total assets of the Bank as at 31 December 2019), and through the exposure to closed-ended real estate funds and to the pension fund and real estate properties in the Bank's balance sheet.

Assets held on the Bank's balance sheet received in lieu of payment (real estate assets only) decreased from EUR 1,474 million as at 31 December 2018 to 1,020 million as at 31 December 2019 (impairments of EUR 205 million as at 31 December 2018 and 184 million as at 31 December 2019). The coverage of assets received in lieu of payment stood at 13.9% as at 31 December 2018 and 18.0% as at 31 December 2019. In 31 December 2019, the Bank sold 5,689 properties, from its stock of properties, for EUR 675 million, above its book value of EUR 599 million.

The exposure to closed-end investment funds, whose units were received following operations where properties were recovered in lieu of payment and that, in accordance with IAS/IFRS, were subject to consolidation, represented EUR 371 million as at 31 December 2019 (EUR 371 million as at 31 December 2018). The item Investment Properties includes the amount EUR 13 million as at 31 December 2019 and EUR 11.1 million as at 31 December 2018, concerning properties held by Fundo de Investimento Imobiliário Imosotto Acumulação, by Fundo de Investimento Imobiliário Gestão Imobiliário, by Fundo de Investimento Imobiliário Imorenda, by Fundo de Investimento Imobiliário Fechado Gestimo and by Imoport – Fundo de Investimento Imobiliário Fechado.

The Bank also performed a set of transactions involving the sale of financial assets for funds specialising in the recovery of loans, including Fundo Recuperação Turismo FCR, Fundo Reestruturação Empresarial FCR, FLIT, Fundo Recuperação FCR, Fundo Aquarius FCR, Discovery Real Estate Fund and Fundo Vega FCR.

The item Properties, which includes the real estate booked in the pension fund's financial statements and used by Group companies, in the pension fund amounted to EUR 245 million recorded as at 31 December 2019, and EUR 245.3 million as at 31 December 2018.

Accordingly, the Bank is vulnerable to a contraction in the real estate market. A significant devaluation of prices in the Portuguese real estate market would lead to impairment losses in the assets directly held and to an increased exposure to counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank, adversely affecting the Bank's business, financial condition and results of operations. Mortgage loans represented 47.6% of the total loan portfolio as at 31 December 2019 (46.2% as at 31 December 2018), with a low delinquency level and an average loan-to-value ratio of 60%. Although Portugal did not face a housing bubble during the recent financial crisis as did other European countries, such as Ireland and Spain, the economic and financial crisis still had an impact on the real estate market. Portuguese banks are granting a low amount of new mortgage loans with very low spreads, and real estate developers have encountered a difficult market for sales. Moreover, there was a reduction in public works activity that severely affected construction companies, which had to redirect their activities to foreign markets. Furthermore, difficult credit conditions associated with the contraction of tourism have affected certain real estate developers that had been involved with tourism related projects, in particular in the southern part of Portugal. All of the aforementioned effects have increased delinquency among construction companies and real estate developers, impacting the Bank's NPEs (loans only) and contributing to the increase in impairment charges.

The materialisation of the recession scenario forecasted by several entities, notably the Bank of Portugal and the IMF, as a result of the COVID-19 outbreak could result in fewer housing transaction in 2020. The fall in housing transactions could result in sellers having to adjust price downwards.

A significant devaluation of prices in the Portuguese real estate market may lead to an increase in impairment losses in the assets held directly and in the participating units of the restructuring funds, and increased exposure in counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank. Any of the foregoing could have a materially adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank holds units issued by specialised credit recovery closed-end funds that are subject to potential depreciation, for which reimbursement may not be requested and for which there is no secondary market.***

The Bank performed a set of transactions comprising the sale of financial assets (namely loans to customers) to funds specialising in loan recovery. These funds manage the companies or the assets received as collateral

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with the objective of achieving a pro-active management through the implementation of operation/valuation plans of such companies. The financial assets sold through these transactions were removed from the Bank's balance sheet, as the transactions result in the transfer of a substantial portion of the risks and benefits associated with the assets to the funds, in addition to any control exercised thereof.

The funds specialised in credit recovery that purchased the financial assets from the Group are closed-end funds, wherein the participants have no ability to request the reimbursement of their investment throughout the useful life of the fund. Furthermore, given their intrinsic characteristics and those of the underlying assets, there is no secondary market operating for the participation units, which makes their sale to third parties very unlikely.

These participation units are held by several banks, which are the sellers of the loans, in proportions that vary through the useful life of the funds, guaranteeing however that no bank may hold more than 50% of each fund's capital.

The Bank's total exposure to funds specialised in the recovery of loans was EUR 924 million as at 31 December 2019. For further details on this topic, please also see *"The Bank is exposed to market risk, which could result in the devaluation of investment holdings or affect its trading results."*

A possible deterioration in the prospects for recovery of the loans transferred to specialised closed-end funds may result in the devaluation of the "Net assets attributable to unit holders" ("**NAV**") of the held participation units that cannot be sold, leading to additional impairments. As a consequence of the negative impacts of COVID-19, there could be a delay in the sale of the units of corporate restructuring funds. This could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

### ***The Bank is exposed to counterparty risk, including credit risk of its counterparties.***

The Bank routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients.

Sovereign credit pressures may weigh on Portuguese financial institutions, limiting their funding options and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity concerns have adversely impacted, and may continue to adversely impact, interim institutional financial transactions in general. Concerns about, or a default by, one financial institution could lead to significant liquidity problems and losses or defaults by other financial institutions, as the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing and other relationships. Many of the routine transactions the Bank enters into expose it to significant credit risk in the event of default by one of its significant counterparties. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-side liquidity pressures or losses or ultimately to an inability of the Bank to repay its debt. In addition, the Bank's credit risk may be exacerbated when the collateral it holds cannot be enforced upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure. A default by a significant financial and credit counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Exposure to credit risk may also derive from the collaterals of loans, interbank operations, clearing and settlement and trading activities as well as other activities and relationships. These relationships include those with retail customers, brokers and dealers, other commercial banks, investment banks and corporate borrowers. Most of these relationships expose the Bank to credit risk in the event of default by the counterparty or customer.

Adverse changes in the credit quality of customers and counterparties of the Bank, a generalised deterioration of the Portuguese or global economies or the systemic risk of financial systems due primarily to structural imbalance could affect the recovery and value of the Bank's assets and require increased impairments, which would adversely affect the Bank's business, financial condition, results of operations and prospects.

As the Bank expands its business activities, penetrates new market segments and adopts or acquires, directly or through subsidiaries, new business models, such as consumer lending to new-to-bank customers, or franchisee-owned branch networks, it may acquire customers with lower credit quality, which, if such new

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pursuits were to grow and acquire a significant weight in the business portfolio, could adversely affect the Bank's business, financial condition, results of operations and prospects.

***The Bank sells capitalisation insurance products with guaranteed principal and unit linked products, exposing the Bank to reputational risk in its role as seller, and financial risk indirectly arising from the Group's shareholding in Millenniumbcp Ageas.***

Off-balance sheet customer funds, as at 31 December 2019 totalled EUR 19.1 billion, consisting of assets under management (EUR 5.7 billion), assets placed with customers (EUR 4.3 billion) and insurance products (EUR 9.0 billion), including unit linked products (EUR 2.9 billion) and capitalisation insurance (EUR 5.9 billion), with only the latter being able to ensure capital or a minimum income.

All financial insurances are predominantly placed with retail investors, those being in their majority issued and accounted by Millenniumbcp Ageas (in which the Bank has a 49% shareholding) and registered by the equity method. Therefore, adverse changes in the underlying assets, a general deterioration of the global economy, or the systemic risk of financial systems due to structural imbalances may affect the recovery and value of such assets, entailing reputational risks for the Bank as a seller of these products as well as financial risks indirectly arising out of the shareholding held by the Group in Millenniumbcp Ageas. Any of the foregoing could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank is exposed to the risk of interest rate repricing of credit granted to customers.***

Mortgage loans represented 47.6% of BCP's total loan portfolio at the amortized cost (consolidated) as at 31 December 2019. The average spread of the mortgage loans portfolio in Portugal stood at 1.31%; 46.6% of the balance of mortgage loans had spreads under 1%. As at 31 December 2019, 65% of the contracts and 52% of the balance of the mortgage loans portfolio in Portugal were indexed to EURIBOR 3 months and 9% of the contracts and 9% of the balance of the portfolio were indexed to EURIBOR 6 months.

The Bank, along with other banks in Portugal, limited the granting of new mortgage loans. In 31 December 2019, 18,392 new mortgage credit operations were contracted with an average spread of 1.37%, compared to 18,016 new mortgage credit operations contracted with an average spread of 1.41% in 2018. The Bank cannot unilaterally change the contractual terms of the loans that make up its portfolio of mortgage loans and it has proven extremely difficult to negotiate the extension of the maturity of these contracts. The resulting limitation of this contractual rigidity has a significant impact on net interest income. In addition, given the current low demand for credit by companies, the Bank may also experience difficulties in changing the mix of its loan portfolio which would make it difficult to offset the impact of reduced spreads on mortgages in the average spread of the loan portfolio.

After a period in which banks implemented policies of interest rate repricing on loans, mainly directed at loans to companies, a reduction of corporate and consumer loans spreads may be observed in the future, given the weak credit dynamics in the Portuguese corporate sector. This could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. Furthermore, a continuation of the historically low interest rate environment may adversely affect the Bank's net interest income, which in turn would likely have an adverse effect on the Bank's profitability.

***Financial problems faced by the Bank's customers could adversely affect the Bank.***

Continued market turmoil and poor economic growth, particularly in Portugal and in other European countries, could have a material adverse effect on the liquidity, the activity and/or the financial conditions of the Bank's customers, which could in turn further impair the Bank's loan portfolio.

The Bank's customers' levels of savings and credit demand are dependent on consumer confidence, employment trends, the state of the economies in countries where the Bank operates, and the availability and cost of funding. In addition, customers may further significantly decrease their risk tolerance to non-deposit based investments such as stocks, bonds and mutual funds. This would adversely affect the Bank's fee and commission income. Any of the conditions described above could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

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### ***The Bank faces strong competition in its main areas of activity, notably in the retail business.***

The Portuguese banking market is well developed, containing major national and foreign competitors which follow multi-product, multi-channel and multi-segment approaches and are, in general, highly sophisticated. Over recent years, there have been significant developments of banking operations through the internet and the use of new technology that have enabled banks to assess the needs of their customers with greater accuracy and efficiency. These factors have contributed to an increase in competition in the Portuguese banking sector, with new entrants such as Bankinter and Banco CTT who may adopt aggressive commercial practices in order to gain market share. The sale process of Novo Banco could add to increased competition as the bank was acquired by an institution with no prior presence in the Portuguese banking system. Furthermore, many Portuguese banks are dedicated to increasing their market shares by launching new products, implementing cross-selling strategies and engaging in more aggressive commercial strategies. Additional integration of European financial markets may contribute to increased competition, particularly in the areas of asset management, investment banking, and online banking and brokerage services.

In 2019, the Bank had 2.4 million active customers in Portugal and, the market share in Portugal (estimates based on figures disclosed by Banco de Portugal and other banking industry associations for aggregates of the financial system and with adjustments for statistical standardisation) was the following: 17.1% in loans to customers, 17.7% in loans to companies, 15.8% in loans to individuals, 17.2% in mortgage loans, 9.1% in consumer credit, 18.9% in customer funds, 18.2% in on-balance sheet customer funds, 17.8% in deposits and 21.0% in off-balance sheet customer funds.

The Bank's financial success depends on its capacity to maintain high levels of loyalty among its customer base and to offer a wide range of competitive and high quality products and services to its customers. However, high levels of competition in Portugal, as well as in other countries where the Bank operates and an increased emphasis on cost reduction may result in the Bank's inability to maintain these objectives. In addition, on 31 December 2019 the Bank operated 505 branches, working towards its goal of becoming a more digital bank. This resulted in the downsizing of the Bank's branch network and consequently in BCP's branches' market share in Portugal. This may result in a weaker competitive position in the Portuguese retail market. As a consequence, this could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Moreover, as at 31 December 2019, around 0.9% of the Bank's total domestic customers also held ordinary shares of the Bank (around 2.6% as at 31 December 2018). If the price of the Bank's ordinary shares continues to decline, this could lead to shareholder dissatisfaction and, to the extent that such shareholders are also customers of the Bank, this could result in broader customer dissatisfaction, any of which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

There is no assurance that the Bank will be able to compete effectively, or that it will be able to maintain or improve its operational results. Such inability to compete or maintain results could also lead to a reduction in net interest income, fees and other income of the Bank, any of which could have a further significant material adverse effect on the Bank's business, financial condition, results of operations and prospects.

### ***The Bank may generate lower revenues from commissions and fee-based businesses.***

In 2019, more than 85% of the fees and commissions related to banking (24% to cards and transfers, 24% to loans and guarantees, 17% to bancassurance, 17% to customer account related fees and 3% to other fees and commissions), with market related fees and commissions accounting for the remaining 15%. A decrease in the volume of lending transactions that the Bank executes with its customers could result in lower commissions derived from banking operations and guarantees. Moreover, changes to market sentiment could lead to market downturns that are likely to impact transactional volume, therefore leading to declines in the Bank's fees. In addition, as the fees that the Bank charges for managing its' clients' portfolios are, in many cases, based on the value or performance of those portfolios, a market downturn that reduces the value of the Bank's clients' portfolios or increases the amount of withdrawals would reduce the revenue the Bank receives from its asset management, private banking and custody services. Revenue derived from the Bank's asset management business could also be impacted by below market performance by the Bank's securities investment funds, which could lead to increased withdrawals and reduced inflows. An increase

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in withdrawals and a reduction in inflows could have a significant material adverse effect on the Bank's business, financial condition, results of operations and prospects.

***Downgrades in the Bank's credit rating could increase the cost of borrowing funds and make the Bank's ability to raise new funds or renew maturing debt more difficult.***

The Bank's ratings are assigned by Moody's Investors Service España, S.A., S&P Global Ratings Europe Limited, Fitch Ratings Limited and any entity that is part of DBRS group and any successor to the relevant rating agency. The ratings as of the date of this Base Prospectus are the following: (a) Moody's: "Ba1 (long-term)/NP (short-term)" (re-presented as at 26 July 2019), (b) S&P Global Ratings Europe Limited: "BB (long-term)/B(short-term)" (re-presented as at 9 October 2018), (c) Fitch Ratings Limited: "BB (long-term)/B (short-term)" (represented as at 6 December 2018) and (d) the relevant DBRS entity: "BBB (low) (long-term)/R-2 (short-term)" (re-presented as at 3 June 2019).

Credit ratings represent an important component of the Bank's liquidity profile and affect the cost and other terms upon which the Bank is able to obtain funding. Changes to the Bank's credit ratings reflect, apart from changes to the rating of the Portuguese Republic, a series of factors intrinsic to the Bank. Currently, the ratings assigned to the Bank, with the exception of the Critical Obligations Ratings ("**COR**") assigned by the relevant DBRS entity, are non-investment grade. In terms of capital, and despite the fact that the rating agencies recognise that the solvency levels of the Bank are better primarily due to the recapitalisation by the Portuguese State and by shareholders in June and September 2012, respectively, and more recently in July 2014, June 2015, November 2016 and the start of 2017, and the repayment of the GSIs, it remains uncertain whether adverse conditions of the Portuguese economy could impact the Bank's profitability and ability to generate income, jeopardising the Bank's ability to preserve capital. The rating agencies also consider the following additional risk factors: (i) the declining quality of the loan portfolio and any exposure to small and medium enterprises ("**SME**") in Portugal; (ii) the Bank's exposure to public debt; (iii) the Bank's exposure to its main clients, particularly shareholders (0.9% of BCP's shareholders were also clients of BCP as at 31 December 2019); and (iv) continued resort to funding from the ECB.

Rating agencies have been recently revising the ratings of the European banks in different geographies due to the disruption caused by the COVID-19 outbreak and a reassessment of the Portuguese market by some rating agencies was already done. There is no guarantee that further rating actions or outlook revisions will not be made in the future.

Any downgrade in the Bank's ratings may contribute to the erosion of the collateral eligible for funding by the ECB, as well as more restrictive access to funding and increased funding costs. Under such circumstances, the Bank may need to reinitiate its deleveraging process and reduce its activities, which could have a negative impact on the Bank's ratings. Any of the foregoing could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Portuguese Republic is regularly subject to rating reviews by the rating agencies, which could affect the funding of the economy and the Bank's activity.***

The rating agencies S&P, Moody's, Fitch Ratings and DBRS have downgraded the long and short-term ratings of the Portuguese Republic on several occasions since the beginning of the financial crisis due to the uncertainties and risks of a prolonged recession, the outlook for modest GDP growth, high levels of unemployment, limited fiscal flexibility, the high leverage of the private sector and the level of sustainability of Portuguese public debt. The long term ratings of the Portuguese Republic as at the date of this Base Prospectus are as follows: Moody's (Baa3/Positive), S&P (BBB/stable), Fitch Ratings (BBB/Stable) and DBRS (BBB(high)/Stable).

Portuguese Republic credit ratings represent an important component condition to the Bank's own credit ratings given the connection between the rating of the sovereign and the rating of banking institutions in the rating agencies methodologies.

Any downgrade in the Portuguese Republic's ratings may contribute to the erosion of the collateral eligible for funding by the ECB, as well as more restrictive access to funding and increased funding costs, would worsen the economy's funding conditions and would have a negative effect on the Bank's credit risk and consequently on its business, financial condition, results of operations and prospects.



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### *The Bank faces exposure to risks in its businesses in Europe (Poland) and Africa (Angola and Mozambique).*

The Bank faces exposure to risks in its operations in Poland and Mozambique, as well as a result of its equity accounted holding in Angola via Banco Millennium Angola, S.A. ("**BMA**"), whose materialisation in the future may have an adverse impact on the business, financial condition, results of operations and prospects of the Bank.

In 2019, the Bank's net profit (after income taxes and non-controlling interests) attributable to international operations was EUR 143.8 million, compared to net profits (after income taxes and non-controlling interests) of a total EUR 302.0 million for the Bank as a whole. For the same period, net income in Poland was EUR 130.5 million, (EUR 65.4 million of which was attributable to the Bank), net contribution in Angola was EUR 2.5 million and net income in Mozambique was EUR 99.5 million (of which EUR 66.3 million was attributable to the Bank).

#### *Poland*

There is the risk that the implementation of more economic policy decisions, namely on the tax front, targeting the banking system by Polish authorities could negatively affect investors' confidence and the economic activity and, consequently, negatively impact the profitability of the Polish banking sector.

The removal of the peg of the EUR/CHF parity led to a significant appreciation of the Swiss franc ("**CHF**") against the euro and the zloty. The granting of loans in Swiss francs was a common practice of most Polish banks (and in other economies of Central and Eastern Europe) in the past. Bank Millennium granted mortgage loans in Swiss Francs until December 2008 and its Swiss francs mortgage loans portfolio on 31 December 2019 stood at approximately EUR 3.3 billion (approximately 20.1% of the total loan portfolio in Poland). The mortgage loans impaired ratio (stage 3) stood at 4.6% in 2019 which compares to 4.4% in 2018.

According to the Polish Bank Association (ZBP), during 2019, over 70% of the lawsuits regarding FX-indexed mortgage loans obtained a final verdict favourable to the banks involved. However, after the CJEU judgment regarding Case C-260/18 issued on 3 October 2019, there is a risk that this so far positive scenario for the banks may change. See the risk factor "*The Bank is exposed to risks related to FX-indexed mortgage loans*" for further information.

#### *Emerging Markets*

Angola and Mozambique present specific political, economic, fiscal, legal, regulatory and social risks that differ from those found in countries with European economic and political systems, including, but not limited to, those related to political and social environments, different business practices, logistical challenges, shortages of skilled labour, trade restrictions, macroeconomic imbalances and security challenges, which may negatively affect the Bank's business, financial condition, results of operations and prospects.

The Group's operations are currently exposed in particular to the political and economic conditions of Angola and Mozambique. These conditions also relate to the fact that structural improvements are still needed in many sectors in these markets, including transportation, energy, agriculture and mineral sectors, as well as land, social and fiscal reforms. Some of these markets may also suffer from geopolitical conflict, while a number of African states have unresolved political differences internally, regionally and/or internationally.

The Bank's operations in Mozambique and Angola markets may involve protracted negotiations with host governments, companies or other local entities and may be subject to instability arising from political, economic, military or legal disturbances. Both Mozambique and Angola impose certain restrictions due primarily to exchange policy controls and capital flows to and from other jurisdictions are likewise subject to such controls and restrictions. Therefore, the ability to transfer U.S. dollars and euro directly from local banks, including the repatriation of profits, is subject to official vetting. Transfers above a threshold amount may require government approval, which may not be obtained or may be subject to delays.

Regarding BIM – Banco Internacional de Moçambique, S.A. ("**Millennium bim**"), in Mozambique, the dividends paid out to the Group in 2019 totalled EUR 29.8 million, while in Angolan no dividends were paid to the Group in 2019.

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Any reduction in profits or increase in the responsibilities associated with the Bank's international operations may have a material adverse effect on the business, financial condition, results of operations and prospects of the Bank.

### *Mozambique*

According to an IMF statement dated 23 April 2016, existing debt guaranteed by the State of Mozambique in an amount over USD 1 billion that had not been disclosed to the IMF. Following this disclosure, the economic program supported by the IMF was suspended. According to an IMF statement dated 13 December 2016, discussions were initiated on a possible new agreement with the Government of Mozambique and the terms of reference for an external audit were agreed.

In June 2017, the Attorney General's Office of the Republic of Mozambique published an Executive Summary regarding the abovementioned external audit. On 24 June 2017, the IMF released in a statement that due to the existence of information gaps in this audit, an IMF mission would visit the country to discuss audit results and possible follow-up measures. Following this visit, the IMF requested the Government of Mozambique to obtain additional information on the use of the funds.

On 14 December 2017, in a statement from the IMF staff, after the end of the mission held between 30 November and 13 December 2017, it was reiterated the need for the Mozambican State to provide missing information. In the statement of the Mozambican Attorney General's Office dated 29 January 2018, it is mentioned, among other things, that the Public Prosecutor submitted to the Administrative Court, on 26 January 2018, a complaint regarding the financial responsibility of public managers and companies participated by the State, participants in the execution and management of contracts for financing, supplying and providing services related to debts not disclosed to the IMF.

As at 31 December 2019, Millennium bim's exposure to the State of Mozambique classified as Financial assets measured at amortised cost – Debt Instruments amount to EUR 702 million and Financial assets at fair value through other comprehensive income in the gross amount of EUR 80.1. These public debt securities mostly have a maturity of less than one year. As at 31 December 2019, the Group has also registered in the balance Loans and advances to customers, a direct gross exposure to the Mozambican State in the amount of EUR 327.9 million (of which EUR 327.2 million are denominated in metical and EUR 0.7 million denominated in USD) and an indirect exposure resulting from sovereign guarantees received in the amount of EUR 162.6 million denominated in USD and in the balance Guarantees granted and irrevocable commitments, an amount of EUR 62.1 million (of which EUR 1.2 million are denominated in euro, EUR 2.0 million are denominated in metical, EUR 58.7 million denominated in USD and EUR 0.1 million denominated in Rands).

As at 31 December 2019, considering the 66.7% indirect investment in Millennium bim, the Group's interest in Millennium bim's equity amounted to EUR 355 million, with the exchange translation reserve associated with this participation, accounted in Group's consolidated equity, a negative amount of EUR 151 million. Millennium bim's contribution to consolidated net income in 2019, attributable to the shareholders of the Bank, amounts to EUR 66.3 million.

Any of the foregoing may negatively affect the Bank's business, financial condition, results of operations and prospects.

### *Angola*

Angola's new government, which was elected in August 2017, has been taking important policy actions aimed at mitigating the impact of the oil price shock, restore macroeconomic stability and pave the way for sustainable growth, namely by enacting strategies conducive to a more diversified economic structure, to the safety of the banking system and to a more flexible exchange rate regime. On request of Angolan government, on 7 December 2018, the IMF approved a three-year program to support Angola's economic reform program (IMF, Press Release No. 18/463), which amounts to USD 3.7 billion.

Any material relapse in the price of oil/or any slippages in the implementation of the structural reforms and measures agreed with the IMF under the economic reform programme could lead to a worsening of its economic and financial conditions and derail the gradual recovery projections. Any of the foregoing may negatively affect the Bank's business, financial condition, results of operations and prospects.

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### ***The Bank's highly liquid assets may not cover liabilities to its customer base.***

The Bank's main source of funding is its customer deposits (93% of the Bank's funding as at 31 December 2019). However, the persistence of interest rates at historically low levels (that are negative in some cases) over the past few years has resulted in the Bank investing deposits into instruments with higher potential yield. The Bank's other possible funding sources include money market instruments, medium and long term bonds, covered bonds, commercial paper, medium term structured products and the securitisation of its loan portfolio. The Bank has increasingly strengthened its own funds through capital increases (the most recent ones, amounting to EUR 1.33 billion and EUR 174.6 million through the Rights Offering and the private placement of 157,437,395 new shares, subscribed by Chiado, an affiliate of Fosun, completed in February 2017 and November 2016 respectively, following the capital increase amounting to EUR 481.2 million as a result of the public offer of securities, completed in June 2015, the share capital increases in cash of EUR 2.25 billion completed in July 2014 and the share capital increase of EUR 500 million completed in October 2012) and the June 2012 GSIs of EUR 3 billion (which GSIs have, as of 9 February 2017, been repaid in full).

The Bank's LCR and the NSFR recorded as at 31 December 2019 were 216% and 135%, respectively, compared to a regulatory requirement of 100% (fully implemented) for both ratios. The leverage ratio stood at 7.0% (fully implemented) as at 31 December 2019, compared to a reference value of 3% (fully implemented).

In case the Bank is unable to maintain its buffer of liquid assets, its ability to repay its liabilities will be limited, which may represent a substantial adverse effect in its business, financial condition, results of operations and prospects.

### ***The results of additional stress tests could result in a need to increase capital or a loss of public confidence in the Group.***

National and international regulators, including the IMF, the ECB and the EBA, have been conducting stress tests on the banking sector. In an EU-wide stress test conducted by the EBA in 2018, the Bank's capital depletion under the hypothetical adverse scenario used was below the average suffered by the 48 major European banks that were tested directly by the EBA (-300 basis points of CET1 capital, versus an average depletion of -395 basis points for the EBA banks).

The disclosure of the results of these stress tests may also result in a reduction in confidence in a particular bank or the banking system as a whole. The Bank cannot exclude the need for additional provisions for impairments. Consequently, new stress tests could adversely affect the cost of funding for the Bank and have a materially adverse impact on its business, financial condition, results of operations and prospects.

As a consequence of SREP, excluding P2G, the minimum Group CET1 phased-in ratio required is 9.813% (4.5% Pillar 1, 2.25% Pillar 2 requirements, 2.5% CBR and 0.563% O-SIFI), the Group Tier 1 ratio is 11.313% and the Group total capital ratio is 13.313% from 31 December 2019. The Group's CET1 ratio as at 31 December 2019 was 12.2% (fully implemented).

SREP may increase and an additional cushion may be requested. In addition, Polish SREP requirements for 2020 are as follows: CET1 phased-in ratio required is 12.73%, the Tier 1 is 15.15% and the total capital ratio is 18.37% from 1 January 2020. Bank Millennium's CET1, Tier 1 and total capital ratios as at 31 December 2019 were 16.9%, 16.9% and 20.1%, respectively. See further "*Recent developments on the banking regulation – Response to COVID-19 crisis*" below.

### ***The coverage of pension fund liabilities could be insufficient, which would require an increase in contributions, and the computation of additional actuarial losses could be influenced by changes to assumptions.***

The Bank has undertaken the obligation to pay pensions to its employees upon retirement or due to disability and other obligations, in accordance with the terms established in the Collective Labour Agreement of the Banking Sector. The Bank's liabilities are primarily covered by the pension fund, which is managed by Ocidental-Sociedade Gestora de Fundos de Pensões, S.A. The total number of the pension fund participants was 27,557 as at 31 December 2019 and 27,381 as at 31 December 2018.

The liabilities related to retirement pensions and other employee benefits were wholly funded at levels above the minimum limits defined by Banco de Portugal, presenting a coverage level of 100% at the end

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of December 2019 (100% as at 31 December 2018). As at 31 December 2019, the liabilities related to the pension fund and other employee benefits reached EUR 3,490 million, compared with EUR 3,066 million recorded as at 31 December 2018. In 2019, the pension fund recorded a positive 8.1% rate of return, whereas in 2018 it stood at positive 0.2%.

Regulation (EU) No. 475/2012, of 5 June 2012, as amended, which amended IAS 19, eliminated the option to defer the recognition of gains and losses, which is known as the corridor method.

The level of coverage of pension fund liabilities could turn out to be insufficient. If the deterioration of global financial markets leads to lower investment income and, consequently, a lower value of the fund, this would result in actuarial losses for the year, which would be recognised against reserves in the financial year in which they were recorded. As at 31 December 2018, the Bank used a discount rate of 2.1% to measure its liability for the defined benefit pension plans of its employees and managers, equivalent to the rate used in its accounts as at 31 December 2017. In the financial statements with reference to 31 December 2019, the discount rate was at 1.4% and the pension growth rate 0% until 2019 and 0.5% after 2019. The Bank shall re-evaluate the adequacy of its actuarial assumptions for the calculation of its liabilities with pensions on a semi-annual basis. A decrease in level of the interest rates for the liabilities liquidation deadline or an increase in the pensions growth rate would imply a decrease in the Bank's own capital. A decrease of 25 bps in the discount rate results in a decrease of around EUR 146 million in the Bank's own capital, excluding the tax effect. An increase of 25 bps in the pensions' growth rate results implies a reduction of around EUR 138 million in the Bank's own capital, excluding the tax effect.

Actuarial gains and losses resulting from the differences between the assumptions used and actual values (experience gains and losses) and the changes in the actuarial assumptions are recognised against shareholder equity. In 2019, actuarial differences were recorded representing negative EUR 285 million (negative EUR 98 million as at 31 December 2018). If there are shortfalls in the pension fund's rate of return, the Bank may have to increase its contributions, which would have an impact on the Bank's regulatory capital ratios. The Bank cannot guarantee that changes will not take place in the actuarial assumptions relating to the pension obligations and other employee benefits. Any changes in the assumptions could lead to additional actuarial losses which could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Finally, the value of assets that are part of the pension fund depends on the future evolution of capital markets and of the real estate market, both of which could be affected by the COVID-19 pandemic and heightened uncertainty about the magnitude and duration of the outbreak.

A decline in the capital markets and of the real estate market could cause the value of the portfolio's assets to become insufficient to cover the liabilities assumed by the pension fund, adversely affecting capital ratios and the Bank's business, financial condition, own capital and prospects.

***The Bank may not be able to generate income to recover deferred taxes. Potential dilution of the shareholders' position may result from the conversion into capital of a potential special reserve that may have to be established according to the applicable legal framework, in particular in the case of negative net individual results. Changes in the law or a different interpretation of the relevant provisions of law may have an adverse impact on the capital ratio.***

The Bank's deferred tax assets ("DTAs") (on a consolidated basis) as at 31 December 2019 corresponded to EUR 2,721 million, compared to EUR 2,917 million as at 31 December 2018, and were generated by tax losses and temporary differences. The most notable sources of the Bank's DTAs non-dependent on future profitability are impairment losses amounting to EUR 983 million and related employee benefits amounting to EUR 837 million.

Deferred taxes are calculated on the basis of the tax rates which are expected to be applicable at the time of the reversal of the temporary differences, which correspond to the approved or substantially approved rates at the time of the balance sheet. Assets and liabilities for deferred taxes are presented for their net value when, pursuant to the applicable laws, current tax assets may be compensated with current tax liabilities and when the deferred taxes relate to the same tax.

If the Bank is not able to generate enough taxable income to enable the absorption of the tax losses carry forward and the temporary differences deductible for tax purposes, the deferred taxes may not be recovered.

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Additionally, the Bank may be forced to alter its evaluation as a result of corrections to the taxable income or to tax losses that it may be subject to or as a result of reductions of the tax rates.

The recoverability of DTAs depends on the implementation of the strategy of the Bank's Board of Directors, namely the generation of estimated taxable income and its interpretation of tax legislation. Any changes in the assumptions used in estimating future profits or tax legislation may have material impacts on deferred tax assets.

The assessment of the recoverability of DTAs was carried based on the respective financial statements prepared under the budget process for 2020 and adjusted according to the strategic plan approved by the elected governing bodies, which support future taxable income, considering the macroeconomic and competitive environment.

To estimate taxable profits for 2020 and subsequent periods, the following main assumptions were considered:

The approximation between accounting and tax rules foreseen by Law No. 98/2019, of 4 September 2019, was considered, assuming the Group will not exercise its application earlier than the adaptation period of 5 years that the abovementioned Law foresees. In the application of these rules, the following assumptions were considered, in general terms:

- (a) non-deductible expenses related to increase of credit impairments for the years between 2020 to 2023 were estimated based on the average percentage of non-deducted amounts for tax purposes in the last accounting years between 2016 to 2019, compared to the amounts of net impairment increases recorded in these years;
  - (b) the expenses with credit impairment's increases beginning in 2024 were considered deductible for tax purposes according to the new fiscal regime;
  - (c) impairment reversals not accepted for tax purposes were estimated based on the Reduction Plan of Non-Performing Assets 2019-2021 submitted to the supervisory authority in March 2019, and also on the average reversal percentage observed in the last years of 2016 to 2019;
  - (d) the referred average percentages were calculated separately, according to the presence or not of a mortgage security, the eligibility for the special regime applicable to deferred tax assets and according to the clients' rating as Non-Performing Exposures.
- The deductions related to impairment of financial assets were projected based on the destination (sale or settlement) and the estimated date of the respective operations;
  - The deductions related to employee benefits were projected based on their estimated payments or deduction plans, in accordance with information provided by the actuary of the pension fund.

The projections made consider the Group's strategic priorities, essentially reflecting the projection of the Bank's medium-term business in Portugal in terms of results generation, and are globally consistent with the Reduction Plan of Non-Performing Assets 2019-2021, submitted to the supervisory authority in March 2019, emphasising:

- improvement in the net margin, reflecting an effort to increase credit, favouring certain segments, the focus on off-balance sheet resources while interest rates remain negative and the effect of the normalisation of those rates in the last years of the projection horizon, such as results from the market interest rate curve;
- increase in commission income based on efficient and judicious management of commissioning and pricing, and, regarding the Individuals segment, the growth of off-balance sheet products;
- normalisation of the cost of risk to levels aligned with the current activity of the Bank and reduction of negative impacts produced by the devaluation or sale of non-current assets, with the progressive reduction of the historical NPE, foreclosed assets and FREs (corporate restructuring funds) portfolios;

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- capturing efficiency gains enhanced by digitalisation, reflected in the control of operating costs, but implying in the short term an effort to adapt the Bank's structure.

Following the analysis of the recoverability of deferred tax assets carried out in 2019, the Bank derecognized an amount net of deferred tax assets in the amount of EUR 116,347,000. From the referred net amount, EUR 69,584,000 were recorded against results and EUR 46,763,000 were recorded against reserves. The allocation of deferred taxes to results and reserves was made in accordance with the accounting principle used for the recognition of the deferred tax assets in question, due to the decomposition of the realities that originated the tax losses to which they refer.

The performed analysis allowed the conclusion of total recoverability of the deferred tax assets recognized as at 31 December 2019. The potential effects of COVID-19 were not taken into consideration within the analysis performed.

As mentioned previously, for the estimation of the Bank's taxable income until 2023, it was considered the maintenance of the tax rules in force until 2018, resulting from not exercising earlier the option of applying the new regime. Regardless the previously referred option, the new regime's application will be mandatory in the financial years of 2022 and/or 2023 in the following circumstances:

- In the financial year of 2022, if, since 1 January 2022, the Bank distributes dividends regarding that financial year or acquires own shares, without occurring a decrease of the DTAs covered by the optional framework foreseen in Law No. 61/2014, of 26 August 2014 (as amended by Law 23/2016, the "**Law 61/2014**") in, at least, 10% comparatively to the amount recorded on 31 December 2018;
- In the financial year of 2023, if, since 1 January 2023, the Bank distributes dividends regarding that financial year or acquires own shares, without occurring a decrease of the DTAs covered by Law 61/2014's optional framework in, at least, 20% comparatively to the amount recorded on 31 December 2018. It was assumed that the Bank will not exercise its early application over the adaptation period of 5 years. Meanwhile, on 4 September 2019, Law 98/2019 was published, enacting the tax regime described above.

Law 61/2014 approved an optional framework, with the possibility of subsequent waiver, according to which, upon certain events (including (a) annual net losses on the separate financial statements, as well as (b) liquidation as a result of voluntary dissolution, insolvency decided by the court or withdrawal of the respective authorisation), the DTAs that have resulted from the non-deduction of expenses and of negative asset variations resulting from impairment losses in credits and from post-employment benefits or long-term employments, will be converted into tax credits. In the case of (a), a special reserve must be created in the amount of the tax credit resulting from the terms of such Law, enhanced with an increase of 10%, which is intended exclusively to be incorporated into the share capital. The creation of such special reserve implies a creation, simultaneously, of conversion rights and of a right to demand the issue of shares by the Bank in an amount equivalent to such special reserve granted to the Portuguese Republic ("**State Rights**"), such rights being acquirable by the shareholders through payment to the Portuguese State of the same amount. The tax credits can be offset against tax debts of the beneficiaries (or of any entity with head office in Portugal within the same group to which the special regime foreseen in the Corporate Tax Code is applicable or within the same prudential consolidation perimeter for the purpose of Regulation (EU) no. 575/2013, of the European Parliament and of the Council, as amended) or reimbursed by the Portuguese Republic. Due to this framework, the recovery of the DTAs covered by Law 61/2014's optional framework is not dependent on future profitability.

Law 23/2016, of 19 August, limited the scope of the regime, determining that tax assets originated in expenses or negative asset variations accounted for after 1 January 2016 are not eligible for the optional framework. The framework set out in Law 61/2014 was further developed by (a) Ministerial Order ("*Portaria*") 259/2016, of 4 October 2016, on the control and use of the tax credit and (b) Ministerial Order ("*Portaria*") 293-A/2016, of 18 November 2016 (as amended by Ministerial Order ("*Portaria*") 60/2020, of 5 March 2020), concerning the conditions and proceedings for the acquisition by shareholders of the referred State Rights. Law 98/2019, of 4 September, established a three year deadline for the acquisition of the referred State rights by the shareholders, after which the Board of Directors of the issuing bank is obliged to promote the record of the share capital increase by the amount resulting from the exercise of the conversion rights. According to this legislation, among other aspects, such rights are subject to an acquisition right by the shareholders on the date of their creation exercisable in periods to be established

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by the Board of Directors until three years after the date of the confirmation date of the tax credit resulting from the conversion of the deferred tax assets by the Portuguese Tax Authorities. The issuing bank has to deposit in the name of the Portuguese State the amount of the price corresponding to the exercise of the acquisition right of all the conversion rights, within three months beginning from the confirmation date of the deferred tax assets into tax credit, ahead and independently of their acquisition. Such deposit is redeemed when and to the extent that the State Rights are acquired by shareholders or are exercised by the State.

As disclosed in due course, pursuant to the General Meeting held on 15 October 2014, the Bank adopted the optional framework approved by Law 61/2014 described above. The Group's CET1 ratio, fully implemented as at 31 December 2019, corresponds to 12.2% and already incorporates the effects of the application of the new framework which became effective on 1 January 2015.

The Bank's net result (on an individual basis) as at 31 December 2019 was EUR 139 million; there is no guarantee that the net result in the following years will be positive.

If the Bank registers a net loss as at the end of a financial year, on an individual basis, then, under the provisions of Law 61/2014, the Portuguese Republic will be granted State Rights, exercisable after the mentioned period of up to 3 years, during which shareholders will have the opportunity to acquire such conversion rights from the State. If shares are finally issued pursuant to the exercise of such conversion rights, this would dilute the remaining shareholders of the Bank. Among other factors that may affect the recoverability of the deferred tax assets and their composition regarding the deferred tax assets that fall within the scope of Law 61/2014, the interpretation of the tax law is relevant, as well as the performance of several operations in 2017, 2018 and 2019.

In the 2015 and 2016 financial years, the Bank registered deferred tax assets regarding expenses and negative asset variations with post-employment or long term employment benefits and credit impairment losses accounted for up to 31 December 2014, which assets the Bank deems eligible for the purposes of the framework approved by Law 61/2014. A change in law or a different interpretation of the law, or the non-performance of the abovementioned operations could have an adverse impact on the Bank's capital ratio.

Any of the aforementioned could result in a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank applied IFRS 9 in the period beginning on 1 January 2018. Since no specific tax treatment was established regarding the transition adjustment to IFRS 9, the Bank considered the application of the Corporate Income Tax general rules. Any new transitional regime established for those purposes or different interpretation on the tax treatment of the adoption of IFRS 9 could result in a material adverse effect on the recovery of deferred taxes.

***The Bank's ability to achieve certain targets is dependent upon certain assumptions involving factors that are significantly or entirely beyond the Bank's control and are subject to known and unknown risks, uncertainties and other factors.***

The achievement of the Bank's internal targets will depend on the verification of assumptions involving factors that are significantly or entirely beyond the Bank's control and subject to known and unknown risks, uncertainties and other factors that may result in management failing to achieve these targets. These factors include those described elsewhere in this section and, in particular:

- the Bank's ability to successfully implement its strategy;
- the Bank's ability to successfully implement its funding and capital plans;
- the successful implementation of economic reforms in Portugal;
- the Bank's ability to access funding in the capital markets;
- the level of the Bank's LLRs against NPEs;
- the Bank's ability to reduce NPEs;
- the quality of the Bank's assets;

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- the Bank's ability to reduce costs;
- the financial condition of the Bank's customers;
- reductions to the Bank's ratings;
- growth of the financial markets in the countries in which the Bank operates;
- the Bank's ability to grow internationally;
- future market conditions;
- currency fluctuations;
- the actions of regulators;
- changes to the political, social and regulatory framework in which the Bank operates;
- macroeconomic or technological trends or conditions, including inflation and consumer confidence,

and other risk factors identified in this Base Prospectus. If one or more of these assumptions is inaccurate, the Bank may be unable to achieve one or more of its targets, which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank regularly uses financial models in the course of its operations. These financial models help inform the Bank of the value of certain of its assets (such as certain loans, financial instruments, including illiquid financial instruments where market prices are not readily available, goodwill or other intangible assets) and liabilities (such as the Bank's defined benefit obligations and provisioning) as well as the Bank's risk exposure. These financial models also generally require the Bank to make assumptions, judgements and estimates which, in many cases, are inherently uncertain, including expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions and may result in a decrease in the value of, and consequently an impairment of, the Bank's assets, an increase in the Bank's liabilities or an increase in the Bank's risk exposure, any of which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. Property prices in Portugal have remained largely flat since 2000, particularly in comparison to property prices in Spain.

In particular, recent historic market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and made it difficult to value some of the Bank's financial instruments. Decreased valuations reflecting prevailing market conditions, faulty assumptions or illiquidity, may result in changes in the fair values of these instruments, which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank is exposed to reputational risks, including those arising from rumours that affect its image and customer relations.***

Reputational risk is inherent to the Bank's business activity. Negative public opinion towards the Bank or the financial services sector as a whole could result from real or perceived practices in the banking sector, such as money laundering, terrorism financing, the fraudulent sale of financial products or breach of competition rules, or a departure from the way that the Group conducts, or is perceived to conduct, its business. Negative publicity and negative public opinion, particularly in relation to pending litigation or enquiries by regulators that could be resolved against the Bank's favour, could adversely affect the Bank's ability to maintain and attract customers and counterparties, the loss of which could adversely affect the Bank's business, financial condition and future prospects, due, for instance, to a run on deposits and subsequent lack of funding sources.

The Bank may be unable to detect money laundering, terrorism financing, tax evasion or tax avoidance behaviour by clients, which could be attributed to the Bank. Failure to manage such risk could lead to reputational damage and to financial penalties for failure to comply with required legal procedures or other aspects of applicable laws and regulations, which could materially adversely affect the Bank's business, results of operations, financial condition and prospects.



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The Bank has a limited number of customers who are classified as politically exposed persons pursuant to the applicable legislation, including Law No. 83/2017, of 18 August 2017, as amended, and regulatory notices ("Avisos") No. 5/2013, of 18 December 2013, or No. 2/2018, of 26 September 2018, of Banco de Portugal (as applicable), as amended. Although the Bank exercises increasingly stricter scrutiny of transactions with politically exposed persons in order to ensure compliance with applicable laws, the services provided to these individuals may expose the Bank to reputational risks, notwithstanding the Bank's compliance with applicable laws.

***Labour disputes or other industrial actions could disrupt Bank operations or make them more costly to run.***

The Bank is exposed to the risk of labour disputes and other industrial actions. 82.2% of the Bank's employees in Portugal and 76.9% of all its employees were members of labour unions at the end of 2019 and the Bank may experience strikes, work stoppages or other industrial actions in the future. Any of these actions could, possibly for a significant period of time, result in disruption to the Bank's activity and increased salaries and benefits granted to employees or otherwise have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank is exposed to market risk, which could result in the devaluation of investment holdings or affect its trading results.***

The performance of the financial markets could cause changes in the value of the Bank's investment and trading portfolios. Changes in the interest rate level, yield curve and spreads could reduce the Bank's net interest margin. Changes in foreign exchange rates could affect the value of its assets and liabilities denominated in foreign currencies and could affect the results of trading.

The Bank has significant exposure to participation units in closed-end funds. See further "*The Bank holds units issued by specialised credit recovery closed-end funds that are subject to potential depreciation, for which reimbursement may not be requested and for which there is no secondary market*". As from 1 January 2018, following the implementation of the IFRS 9, the participation units started to be recorded at fair value through profit and loss. See further "*The Bank is subject to changes in financial reporting standards, such as IFRS 9 and IFRS 16, or policies, including as a result of choices made by the Bank, which could materially and adversely affect the Bank's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios.*"

The Bank has implemented risk management methods to mitigate and control these and other market risks to which it is exposed, including the use of derivatives to hedge certain products offered to its customers, and the Bank's risk exposure is continuously monitored. However, it is difficult to accurately predict changes in market conditions and to foresee the effects that these changes might have on the Bank's financial condition and results of operations. Any failure in risk management or control policies targeting market risk could have a negative impact on the Bank's business, financial condition, results of operations and prospects.

***The Bank is subject to certain operational risks, which may include interruptions in the services provided, errors, fraud attributable to third parties, omissions and delays in the provision of services and implementation of requirements for risk management.***

In its normal activity and as a result of its organisational structure, the Bank is subject to certain operational risks, including interruptions in the services provided, errors, fraud attributable to third parties, and omissions and delays in the provision of services and implementation of requirements for risk management. A majority of the Bank's operational losses in 2019 were caused by frauds and execution failures and a large portion of the operational losses had low material significance, under EUR 100,000 (94% of all operational losses Group wide). In fact about 56.2% of the cases recorded in 2019 had a financial impact of less than EUR 5,000 each. The Bank continually monitors operational risks by means of, among other actions, advanced administrative and information systems and insurance coverage with respect to certain operational risks. However, it is not possible to guarantee that the monitoring and prevention of these risks will be fully effective. Any lack of success in the implementation of the Bank's risk management and control policies could have a material adverse effect on its business, financial condition, results of operations and prospects.

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***The Bank faces technological risks, and a failure in the Bank's information technology systems could result in, among other things, trading losses, losses in customer deposits and investments, accounting and financial reporting errors and breaches in data security.***

The operations developed by the Group, in Portugal and internationally, have an infrastructure of information systems that is externalised, but also common and integrated, promoting higher overall efficiency. The Bank's operations depend heavily on their respective computer processing capabilities, especially following the centralisation of the information systems. Computer processing capabilities include record-keeping, financial reporting and other systems, including systems for monitoring points of sale and internal accounting systems. In March 2013, the Bank renewed the outsourcing agreement with IBM, which includes the management of computer infrastructures—central system, department systems and server farm for systems—some specific areas of application development and IT support services to the Bank's organic units.

Regarding the security of the information systems, the Bank has continued to pursue a strategy aligned with good international practices. However, it is not possible to guarantee to potential investors complete identification and timely correction of all problems related to the informational technology systems, or systematic success in the implementation of technological improvements. A failure in the Bank's information technology systems could result in, among other things, trading losses, losses in customer deposits and investments, accounting and financial reporting errors and breaches in data security. The occurrence of any of the aforementioned events could have a significant and negative effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank is subject to the risk of changes in the relationship with its partners.***

Some of the Bank's activities are carried out in partnership with other entities that are not under the control of the Bank, including Millenniumbcp Ageas. Therefore, the Bank does not have the ability to control the decisions of these entities or ensure full compliance with the agreements that established such partnerships. Any decision or action by these entities and/or their breach of such agreements may have a material adverse effect on the Bank's reputation, business, financial condition, results of operations and prospects. For further details on the Bank's strategic partnerships, please see "*Description of the Business of the Group.*"

***Transactions in the Bank's own portfolio involve risks.***

The Bank carries out various proprietary treasury activities, including the placement of deposits denominated in Euro and other currencies in the interbank market, as well as trading in primary and secondary markets for government securities. The management of the Bank's own portfolio includes taking positions in fixed income and equity markets, both via spot market and through derivative products and other financial instruments. In spite of the Bank's limited level of involvement in these activities, trading on account of its own portfolio carries risks, since its results depend partly on market conditions. A reduction in the value of financial assets held due primarily to market conditions, or any other such conditions outside the control of the Bank, could require a corresponding loss recognition that may impact the Bank's balance sheet. Moreover, the Bank relies on a vast range of risk reporting and internal management tools in order to be able to report its exposure to such transactions correctly and in due time. Future results arising from trading on account of its own portfolio will depend partly on market conditions, and the Bank may incur significant losses resulting from adverse changes in the fair value of financial assets, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

***Hedging operations carried out by the Bank may not be adequate to prevent losses.***

The Bank carries out hedging transactions to reduce its exposure to different types of risks associated with its business. Many of its hedging strategies are based on historical patterns of transactions and correlations. Consequently, unexpected market developments might negatively affect the Bank's hedging strategies.

Furthermore, the Bank does not hedge all of its risk exposure in all market environments or against all types of risks and in some cases a hedge may not be available to the Bank. Moreover, the way that gains or losses arising from certain ineffective hedges are recognised may result in additional volatility in its reported earnings. The Group employs derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk resulting from financing and investment activities. Hedging derivatives are recognised at their fair value and the profits and losses resulting from their valuation are recognised against

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the results. The Bank may still incur losses from changes in the fair value of derivatives and other financial instruments that qualify as fair value hedges. If any of its hedging instruments or strategies are inefficient, the Bank could incur losses which could have a material adverse effect on its business, financial condition, results of operations and prospects.

### ***The Bank faces exchange rate risk related to its international operations.***

All of the Bank's international operations are directly or indirectly exposed to exchange rate risk, which could adversely affect the Bank's results. Any devaluation of these currencies relative to the Euro could have a negative impact on the Bank's business, financial condition, results of operations and prospects.

As at 31 December 2019, the loans-to-deposits ratio in Poland and Mozambique was 86% and 38%, respectively. The Bank's loan portfolio also includes loans in foreign currency, where the losses are assumed by customers and recorded in the profit and loss account under impairment. The use of funding in foreign currency in some countries of Eastern Europe exposes some of the Bank's customers to exchange rate risk, affecting the financial condition of these entities and, consequently, the net income of the Bank. Although Bank Millennium stopped granting new foreign currency loans in Poland by the end of 2008, it still holds a considerable loan portfolio in foreign currency, mainly in Swiss francs (as at 31 December 2019), 20.6% of the total loan portfolio in Poland and 40% of the total mortgage loan book in Poland), and therefore the Bank's net income could be significantly affected by the need to undertake additional payments for impairment in the loan portfolio and by the high cost of zloty swaps. On 15 January 2015, the Swiss National Bank discontinued its minimum exchange rate which had been set at EUR/CHF 1.20 in September 2011. Simultaneously, the Swiss National Bank lowered the interest rate on sight deposit account balances that exceed a given exemption threshold by 0.5% to -0.75%. As a consequence, on the next day the Swiss franc appreciated 15% to around EUR/CHF 1.04 and the main index on the Swiss stock exchange went down around 8.7%. The EUR/CHF exchange rate is now free float. Net income may also be adversely affected if Poland does not join the Eurozone in the medium term as is currently expected. Similarly, net income may be affected if institutional investors pool their assets in established, rather than emerging, markets. This risk is exacerbated in the context of greater political instability related to reform of the European institutional framework, which has already had repercussions on the Swiss franc exchange rate.

For details on the Bank's exposure to risks in foreign countries, see risk factor "*The Bank faces exposure to risks in its businesses in Europe (Poland) and Africa (Angola and Mozambique)*".

### ***The Bank is subject to the risk of internal and external fraud, crime, cybercrime, or other types of misconduct by employees or third parties which could have a material adverse effect on the Bank.***

The Bank is subject to the risk of fraud, crime, money laundering, cybercrime and other types of misconduct by employees and third parties, as well as to unauthorised transactions by employees, third party service providers and external staff, including "rogue trading". This type of risk could result in breaches of law, rules, regulations and internal policies, losses, claims, fines, regulatory action, legal proceedings or reputational damage.

In the area of payments, over the past years the Bank and especially the Bank's clients have been subject to cybercrime and fraud in the form of phishing and malware. European law tends to hold the Bank liable unless it provides proof of intentional misconduct or gross negligence by the client. Other forms of theft include violent robberies of ATMs, in which criminals use combustible gas, explosives or vehicles and heavy equipment to gain access to cash stored in ATMs.

The Bank may be subject to disruptions of its operating or information systems, arising from criminal acts by individuals and groups via cyberspace, which may interrupt the service to clients.

The Bank remains potentially exposed to the risk that the procedures implemented and the measures adopted with respect to the storage and processing of personal data relating to its customers may prove to be inadequate and/or not in compliance with the laws and regulations in force from time to time and/or may not be promptly or properly implemented by employees and associates, especially considering the imminent entry into force of the GDPR. Thus, the data could be subject to damage, loss, theft, disclosure or processing for purposes other than those authorised by the customers, or even use by unauthorised parties (whether third parties or employees of companies of the Bank). If any of these circumstances occur there could be a

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material adverse effect on the Bank's business, including its reputation, financial condition, results of operation or prospects.

Failure of the Bank's information technology systems could lead to a breach of regulations and (contractual) obligations and have a material adverse effect on the Bank's reputation, results of operations, financial condition and prospects. The continuous efforts of individuals and groups, including organised crime, via cyberspace to commit fraud through electronic channels or to gain access to information technology systems used by the Bank (including with respect to clients' and Bank information held on those systems and transactions processed through these systems) are a growing threat to the Bank. The manifestations of risks to technology—including cyber security—change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential attacks via cyberspace, it is possible that future attacks may lead to significant breaches of security and loss of (personal) data. In addition, the Group may as a result not be able to access data or operate its systems, it may not be able to recover data, or establishing that data is not compromised may be very time consuming and costly.

There is a risk that cyber-security risk is not adequately managed or, even if adequately managed, a cyber-attack can take place and be successful, which could lead to breach of regulations, investigations and administrative enforcement by supervisory authorities and claims that may materially and adversely affect the Bank's business, reputation, results of operations, financial condition, prospects and its position in legal proceedings.

***A material decline in global capital markets and volatility in other markets could adversely affect the activity, results and value of strategic investments of the Bank.***

Investment returns are an important part of the Bank's overall profitability, particularly in relation to the life insurance business carried out by the Millennium bcp Ageas joint venture and the Bank's investment banking business.

Uncertainty in global financial markets stemming from the price volatility of capital market instruments may materially and adversely affect the Group and particularly the life insurance business and investment banking operations, impacting its financial operations and other income and the value of its financial holdings and securities portfolios.

In particular, a decline in the global capital markets could have an adverse effect on the sales of many of the Group's products and services, such as unit-linked products, capitalisation insurance, real estate investment funds, asset management services, brokerage, primary market issuances and investment banking operations, and significantly reduce the fees related to them, as well as adversely affect the Bank's business, financial condition, results of operations and prospects. As a minority shareholder of Millennium bcp Ageas, the Bank is at risk of being required to inject capital into the company if its solvency ratio falls below a certain predefined level, which could occur if certain products of Millennium bcp Ageas do not meet a minimum level of return. Furthermore, the prolonged fluctuation of stock and bond market prices or extended volatility or turbulence of markets could lead to the withdrawal of funds from markets by investors, which would result in lower investment rates or in the early redemption of life policies. Any such decrease could negatively influence the placement of the Bank's investment products. Therefore, a decline in the capital markets in general could adversely affect the Bank's business, financial condition, results of operations and prospects.

The Bank also maintains trading and investment positions in debt securities, foreign exchange, equity and other markets. These positions could be adversely affected by volatility in financial and other markets and in Portuguese sovereign debt (EUR 6.5 billion as at 31 December 2019, of which EUR 3 million recorded in "Financial assets at fair value through profit or loss – Held for trading"; EUR 31 million recorded in "Financial assets at fair value through profit or loss – Designated at fair value through profit or loss"; EUR 6.3 billion recorded in "Financial assets at fair value through other comprehensive income" and EUR 137 million recorded in "Financial assets at amortised cost – Debt securities"), creating a risk of substantial losses. Potential gains in the Portuguese public debt in December 2019 stand at around EUR 39.1 million. Volatility can also lead to losses relating to a broad range of the other trading and hedging products that the Bank uses, including swaps, futures, options and structured products. Significant reductions in estimated or actual values of the Bank's assets have occurred from previous events in the market. Continued volatility and further fragmentation of certain financial markets may affect the Bank's business, financial condition, operating results and prospects. In the future, these factors may have an influence on day-to-day valuations of the Bank's financial assets and liabilities, recorded at fair value.

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***Acts of terrorism, natural disasters, pandemics and global conflicts may have a negative impact on the Bank's business and operations.***

Acts of terrorism, natural disasters, pandemics, global conflicts or other similar catastrophic events could have a negative impact on the Bank's business, financial condition, results of operations and prospects. Such events could damage the Bank's facilities, disrupt or delay the normal operations of its business (including communications and technology), result in harm or cause travel limitations on the Bank's employees, and have a similar impact on its clients and counterparties. These events could also negatively impact the purchase of the Bank's products and services to the extent that those acts or conflicts result in reduced capital markets activity, lower asset price levels, or disruptions in general economic activity, or in financial market settlement functions. In addition, war, terror attacks, political unrest, global conflicts, the national and global efforts to combat terrorism and other potential military activities and outbreaks of hostilities may negatively impact economic growth, which could have an adverse effect on the Bank's business, results of operations, financial condition and prospects, besides other adverse effects on the Bank in ways that it is unable to predict.

***The Bank's risk management methods may not be able to identify all risks or level of risks to which the Bank is exposed.***

The Bank's risk management methods are based on a combination of human and technical controls and supervision, which are subject to errors and defects. Some of the Bank's methods of managing risks are based on internally developed controls and on historic data on market behaviour, also supported by common market practices. These methods might not adequately predict future losses, in particular when related to relevant market fluctuations, which could be considerably higher than those observed in other periods. These methods might also be ineffective in protecting against losses caused by technical errors, if the implemented testing and control systems are not effective in the prevention of software and hardware technical defects. Any errors or failures in the implementation of such risk management systems, as well as their possible inability to identify all the risks or risk levels to which the Bank is exposed, could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

## **2. Risks relating to the Notes Issued Under The Programme**

### **2.1 Risks relating to the structure of particular notes**

***Investors may lose the original invested amount.***

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

- the Issuer of the Notes is subject to insolvency proceedings or some other event impairing its ability to meet its obligations under the Notes;
- the terms of the relevant Notes do not provide for full repayment of the initial purchase price upon final maturity and/or mandatory early redemption of such Notes and the relevant Reference Item(s) perform in such a manner that the final redemption amount and/or mandatory early redemption amount is less than the initial purchase price;
- the purchaser seeks to sell the relevant Notes prior to their scheduled maturity, and the sale price of the Notes in the secondary market is less than the purchaser's initial investment; and
- the Notes are subject to certain adjustments in accordance with the terms and conditions of such Notes that may result in the scheduled amount to be paid or asset(s) to be delivered upon redemption being reduced to or being valued at an amount less than a purchaser's initial investment.

Notwithstanding that the relevant Notes may be linked to the performance of one or more Reference Items, investors in such Notes do not have and shall not receive any rights in respect of any Reference Item and shall have no right to call for any Reference Item to be delivered to them (unless otherwise provided in the Issue Terms). The Issuer of the Notes shall not be required to hold any Reference Item.

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### *The Notes are unsecured and therefore subject to the resolution regime.*

The Notes are unsecured and therefore subject to the resolution regime, including the bail-in tool (see further "*Description of the Business of the Group - The Portuguese Banking System*"). The impact on investors, in a resolution scenario, depends crucially on the rank of the liability in the resolution creditor hierarchy. In the event of resolution, *inter alia*: (i) the outstanding amount of the Notes may be reduced to zero or the Notes may be converted into ordinary shares of BCP or other instruments of ownership; (ii) a transfer of assets (e.g. to a bridge bank) or in a sale of business may limit the capacity of the Bank to meet its repayment obligations; and (iii) the maturity of any Notes or the interest rate under such Notes can be altered and the payments may be suspended for a certain period. When a resolution measure is applied no shareholder or creditor of the institution (including the Noteholders) subject to resolution may have losses greater than it would have if the institution had entered into liquidation ("no creditor worse off"). Noteholders may have a right to compensation if the treatment they receive in resolution is less favourable than the treatment they would have received under normal liquidation proceedings. This assessment must be based on an independent valuation of the firm. Completion of this assessment, as well as payment of any potential consideration, may occur considerably later than contractual payment dates.

### *Notes may be denominated in one currency and settled in another currency.*

If the Issue Terms specify that the Settlement Exchange Rate Provisions are applicable, then such Notes are denominated in one currency but all or certain amounts due thereunder, as the case may be, if any, are settled in another currency (the "**Settlement Currency**"). As such, the applicable amounts are converted by converting such amounts by reference to the applicable Settlement Exchange Rate specified in the applicable Issue Terms or, if not so specified, determined by the Calculation Agent in accordance with the terms and conditions of the Notes.

Investors should understand that such Notes are not principal protected in the settlement currency or Settlement Exchange Rate base currency even if the Notes are principal protected in the denomination currency or Settlement Exchange Rate subject currency. If the denomination currency depreciates against the Settlement Currency, this will reduce the Settlement Currency amounts received (if any) under the Notes and an investor may receive less than their initial investment in the Notes.

Investors should understand, where a fixed Settlement Exchange Rate is not specified in the Issue Terms, that the Issuer does not have control over the Settlement Exchange Rate and will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the settlement currency, the denomination currency or any foreign currency. Investors will bear those risks. In addition, if an Unscheduled Holiday or a Price Source Disruption occurs in respect of the applicable Settlement Exchange Rate, the applicable disruption fallbacks may provide that the scheduled settlement exchange rate valuation date for such rate will be postponed, then this may result in deferral of the corresponding payment date under the Notes. If a date for payment is so postponed, this could adversely affect an investor's investment schedule, timetable or plans as they will receive amounts in respect of the Notes later than the originally scheduled date for payment. No interest will accrue or other amount will be payable by the Issuer in the event of any such delay.

### *Risk of leveraged exposure.*

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

### *Notes where denominations involve integral multiples.*

In relation to any issue of Notes (other than Book Entry Notes) which have denominations consisting of a minimum Specified Denomination (as set out in the relevant Issue Terms) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not

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integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time (i) may not be able to transfer such Notes (other than Book Entry Notes) and (ii) may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and in each case would need to purchase a nominal amount of Notes (other than Book Entry Notes) such that its holding amounts to an integral multiple of the minimum Specified Denomination.

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

### ***Conducting hedging transactions.***

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

### ***Notes issued as a "green bond", a "social bond" or a "sustainable bond" may not be a suitable investment for all investors seeking exposure to green, social and/or sustainable assets***

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically to a "green", "social" or "sustainable" purpose, including, without limitation, for projects and activities that promote climate-friendly and or other environmental or social purposes (the "Eligible Sustainable Projects"). There can be no assurance that the use of proceeds of an offer of any such Notes will be suitable for the investment criteria of an investor.

Prospective investors should have regard to the information set out the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In particular, no assurance is given by the Issuer, the Arranger or any Dealer that the use of such proceeds for any Eligible Sustainable Project will satisfy, 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 or by its own by-laws 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 Eligible Sustainable Project. Neither the Arranger nor any Dealer shall be responsible for the ongoing monitoring of the use of proceeds in respect of any such Notes.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Sustainable Project will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives 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 Eligible Sustainable Project.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Eligible Sustainable Project to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base

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Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such 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 such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "social" or "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer 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 or by its own by-laws 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 Eligible Sustainable Project. 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 Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified to an Eligible Sustainable Project in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Sustainable Project will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Sustainable Project. Nor can there be any assurance that such Eligible Sustainable Project will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an event of default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Eligible Sustainable Project as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes the proceeds of which are intended to be allocated to an Eligible Sustainable Project and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

### ***Reform and Regulation of "benchmarks".***

Interest rates and indices which are deemed to be "benchmarks" (such as LIBOR, EURIBOR or ISDAFIX (now restructured and renamed the ICE Swap Rate) referenced swap rates) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union (which for these purposes includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-European Union based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-European Union based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things,



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have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant "benchmark".

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain "benchmarks" (including LIBOR and EURIBOR): (i) discouraging market participants from continuing to administer or contribute to a "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon a "benchmark".

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions) otherwise occurs. Either (i) the Issuer will appoint an Independent Adviser to determine a Successor Rate or, failing which, an Alternative Reference Rate to be used in place of the Original Reference Rate or (ii) if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed is unable to determine the relevant rates, the Issuer may (after consulting with the Independent Adviser (if any)) determine a Successor Rate or, failing which an Alternative Reference Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Reference Rate to determine the Rate of Interest may result in the Notes performing differently (including paying a lower Rate of Interest for any Interest Period) than they would do if the Original Reference Rate were to continue to apply.

Furthermore, if a Successor Rate or Alternative Reference Rate is determined by an Independent Adviser or the Issuer, as the case may be, the Conditions provide that the Issuer may vary the Conditions and the Agency Terms as necessary, to ensure the proper operation of such Successor Rate or Alternative Reference Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Reference Rate is determined by an Independent Adviser or, as the case may be, the Issuer, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser or, as the case may be, the Issuer to be applied to such Successor Rate or Alternative Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as is reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as the case may be) to the Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Reference Rate. However, there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of an Adjustment Spread will either reduce or eliminate economic prejudice to the Noteholders. If no Adjustment Spread is determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. Furthermore, there is no guarantee that a Successor Rate or an Alternative Reference Rate will be determined or applied.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined or, in relation to Floating Rate Notes or Reset Notes in respect of which the above fallback arrangements

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do not apply, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or, in the case of Reset Notes, the application of the previous reset Rate of Interest for a preceding Reset Period, or for the First Reset Rate of Interest, the application of the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser, the potential for further regulatory developments and the fact that the provisions of Condition 4(e) ("*Benchmark Replacement*") will not be applied if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as regulatory capital or eligible liabilities, where applicable, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on the Notes.

Any of the above matters, which are not subject to the approval of Noteholders, or any other significant change to the setting or existence of the Original Reference Rate could adversely affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

### *Certain considerations relating to public offers of the Notes.*

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

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

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

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

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

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

### ***U.S. Hiring Incentives to Restore Employment Act withholding may affect payments on the Notes.***

The U.S. Hiring Incentives to Restore Employment Act imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if

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certain conditions are met (such instruments, "**Specified Notes**"). If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation - U.S. Hiring Incentives to Restore Employment Act*".

For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, Specified Notes are subject to a different grandfathering rule than other Notes. Prospective investors should refer to the section "*Taxation---Foreign Account Tax Compliance Act*".

### ***Administrative co-operation in the field of taxation***

Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014 (the Common Reporting Standard).

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013, of 10 May 2013, as amended by Decree-Law No. 64/2016, of 11 October 2016, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February. The Council Directive 2014/107/EU, of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was also transposed into the Portuguese law through the Decree-Law No. 64/2016, of 11 October 2016, as amended by Law 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019. Law No. 17/2019, of 14 February 2019 introduced the regime for the automatic exchange of financial information to be carried out by financial institutions to the Portuguese Tax Authority (until July 31, with reference to the previous year) with respect to accounts held by holders or beneficiaries resident in the Portuguese territory with a balance or value that exceeds EUR 50,000 (assessed at the end of each civil year). This regime covers information related to years 2018 and following years.

In addition, the information regarding the registration of the financial institutions and the procedures to comply with the reporting obligations arising from Decree-Law No. 64/2016, of 11 October 2016, which has been amended through Law No. 98/2017, of 24 August 2017 and Law No. 17/2019, of 14 February 2019, and the applicable forms were approved by Ministerial Order (*Portaria*) No. 302-B/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 282/2018, of 19 October 2018, Ministerial Order (*Portaria*) No. 302-C/2016, of 2 December 2016, Ministerial Order (*Portaria*) No. 302-D/2016, of 2 December 2016, as amended (including by Ministerial Order (*Portaria*) No. 255/2017, of 14 August and by Ministerial Order (*Portaria*) No. 58/2018, of 27 February 2018) and Ministerial Order (*Portaria*) No. 302-E/2016, of 2 December 2016.

Investors should in any case consult their own tax advisers to obtain a more detailed explanation of this regime and how it may individually affect them.

### ***Regulatory initiatives may restrict certain investments and have an adverse impact on the regulatory treatment of the Notes.***

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the derivatives and structured securities industries. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may restrict investment in certain Notes, have an adverse impact on the regulatory position for certain investors and/or on the incentives for certain investors to hold Notes and may thereby also affect the liquidity of such Notes in the secondary market. Investors in the Notes are responsible for analysing their own regulatory position and the Issuer makes no representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of

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their investment at the time of such investment or at any time in the future. Prospective investors should therefore make themselves aware of the changes and requirements applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

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

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

*Market Disruption Events or Failure to Open of an Exchange.*

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

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

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

- market interest and yield rates;
- the time remaining to any Redemption Date or the Maturity Date;
- where the Reference Item(s) is/are equity securities, the dividend rate on Reference Item(s) and the financial results and prospects of the issuer of each Reference Item; and
- numerous other economic, political and other factors.

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

*Risks related to withholding tax on Book Entry Notes.*

Under Portuguese law, income derived from the Book Entry Notes integrated in and held through a centralised system managed by Portuguese resident entities (such as the Portuguese Centralised System of Registration of Securities "**Central de Valores Mobiliários**", managed by Interbolsa), by other European Union or European Economic Area entities that manage international clearing systems (in the latter case if there is administrative co-operation for tax purposes with the relevant country which is equivalent to that in place within the European Union), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-Law No. 193/2005, of 7 November 2005, as amended, ("**the special regime approved by Decree-Law No. 193/2005**") may benefit from withholding tax exemption, **provided that** certain procedures and certification requirements are complied with.

Failure to comply with procedures, declarations, certifications or others will result in the application of the relevant Portuguese domestic withholding tax to the payments without giving rise to an obligation to gross up by the Bank.

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It should also be noted that, if interest and other income derived from the Notes is paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g. typically "jumbo" accounts) such income will be subject to withholding tax in Portugal at a rate of 35% unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35% and the Bank will not be required to gross up payments in respect of any withheld accounts in accordance with General Condition 6.

Further, interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable that are domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial Order No. 150/2004 of 13 February 2004, as amended from time to time (hereafter "**Ministerial Order No. 150/2004**"), is subject to withholding tax at 35%, which is the final tax on that income, unless the special regime approved by Decree-Law No. 193/2005 applies and the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese state, residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force.

The Bank will not be required to gross up payments in respect of any of such non-resident holders, in accordance with General Condition 6.

See details of the Portuguese taxation regime in "*Taxation — Portuguese Taxation*".

### ***Physically Settled Notes.***

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

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

### ***Notes to which Variation of Settlement applies.***

If Variation of Settlement applies, the Issuer has the right to elect to deliver Relevant Assets in lieu of the Final Redemption Amount. Noteholders should be aware that in this regard they are exposed to the credit risk and performance of the Relevant Assets as to the extent that the value of such Relevant Assets falls below the value of the Final Redemption Amount, the Issuer is financially incentivised to exercise its option to deliver the Relevant Assets to the Noteholders. If the Relevant Assets are bonds, Noteholders should also take note of the fact that if such bond redeems prior to the Maturity Date for any reason, and the Issuer elects to vary settlement, the Issuer may deliver the redemption proceeds of such bond, which might be substantially less than the nominal amount of the bond.

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

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

### ***There are certain requirements to be fulfilled and payments to be made by the Holder in order to receive Entitlement(s) in respect of Notes subject to Physical Delivery and the Issuer may decide to settle by way of cash payment instead in certain circumstances.***

In order to receive the Entitlement in respect of a Note settled by way of Physical Delivery, the holder of such Note must deliver or send to the relevant Clearing System or Principal Paying Agent (as applicable) a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-off Date and pay the relevant Expenses. If a Noteholder fails to deliver as required the certification of non-U.S. beneficial

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ownership or certification that it is an eligible investor for U.S. securities law purposes, the Issuer may deliver what the Calculation Agent determines to be the fair market value of the Entitlement instead of the relevant assets.

### *Certain Considerations Associated with Notes Linked to Emerging Markets.*

The Issuer may issue Notes where the amount payable on redemption or the interest payable is linked to Reference Items which consist of (i) securities, funds or indices comprising securities of issuers that are located in, or subject to regulation in, emerging or developing countries, or (ii) securities which are denominated in the currency of, or are traded in, emerging or developing countries or (iii) currencies of emerging or developing countries. Prospective investors should note that additional risks may be associated with investment in such Notes, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws including, but not limited to, those relating to expropriation, nationalisation and confiscation. Notes traded in emerging or developing countries tend to be less liquid and the prices of such securities more volatile. In addition, settlement of trades in some such markets may be slower and more subject to failure than in markets in developed countries.

Prospective purchasers of such Notes should also be aware that the probability of the occurrence of a disruption event and consequently loss of investment or profit by an investor may be higher for certain developing or emerging markets. Prospective purchasers are expected to conduct their own enquiries and be satisfied that there are additional risks associated with investments linked to the performance of underlying assets located in these markets.

### *Emerging market currencies.*

Where the Notes are denominated in an emerging market currency or linked to one or more emerging market currencies, amounts determined to be due or deliverable in respect of such Notes may be significantly more volatile and subject to less certainty as to future rates than if the Notes were linked to currencies of more developed markets, for example emerging markets' currencies are highly exposed to the risk of a currency crisis happening in the future.

In particular, policies or actions of any relevant governments of the jurisdictions of such emerging market currencies to which the Notes may be linked (the "**Currency Jurisdictions**") could adversely affect the relevant exchange rate(s) (such as through market interventions of their central banks or equivalent bodies; governmental action which changes or interferes with currency valuations or currency fluctuations that would otherwise occur in response to economic forces; and restrictions on foreign investment and currency convertibility or movement across borders). Non-governmental action may also directly or indirectly adversely affect the relevant exchange rates (such as through weak overall growth and performance of each applicable Currency Jurisdiction's economy and stock exchanges; political, economic and social uncertainty, including risks of nationalisation and expropriation of assets and natural disasters; or wars which affect any Currency Jurisdiction directly or indirectly).

Investors should note that the risk of occurrence and the severity of consequence of the matters described above may be greater with respect to any emerging market jurisdiction than they otherwise would be in relation to more developed countries. Economies in emerging markets are generally more heavily dependent upon international trade, and accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated with countries with which they trade.

The occurrence of any of the above circumstances may have an adverse effect on the value of the Notes and amounts due (if any) or assets deliverable (if any), or the date for payment thereunder.

## **2.2 Risk Factors that are associated with Notes that are linked to Reference Item(s)**

### *Risks relating to Reference Item Linked Notes.*

Reference Item Linked Notes are securities which do not provide for predetermined redemption amounts and/or interest payments, but amounts payable (whether in respect of principal and/or interest) or deliverable will be dependent upon the performance of the Reference Item, or a combination of Reference

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Items, which themselves may contain substantial credit, interest rate, foreign exchange, correlation, time value, political and/or other risks.

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

- the Reference Item may be subject to significant changes, whether due to the composition of any such Reference Item itself, or because of fluctuations in value of the Reference Item;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time or they may receive no interest;
- the holder of a Reference Item Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on such Note;
- any Note that is linked to more than one type of Reference Item, or on a formula that encompass the risks associated with more than one type of Reference Item, may carry levels of risk that are greater than those for Notes that are indexed to one type of Reference Item only;
- it may not be possible for investors to hedge their exposure to these various risks relating to Reference Item Linked Notes; and
- a significant market disruption could mean that any Reference Item ceases to exist.

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

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

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

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

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

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

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

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

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

### *No rights of ownership in the Reference Item(s).*

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

### **2.3 Risk Factors associated with Notes that are linked to one or more specific types of Reference Items**

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

#### *Risks relating to Index Linked Notes.*

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

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

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

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

#### *Adjustment to indices for Index Linked Notes*

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



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

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

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

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

### *Risks relating to Equity Linked Notes.*

The Issuer may issue Equity Linked Notes where the amount of principal and/or interest payable are dependent upon the price of or changes in the price of shares or a basket of shares (or depositary receipts) or, depending on the price of or change in the price of shares or the basket of shares (or depositary receipts), where the Issuer's obligation on redemption is to deliver a specified number of shares ("**Equity Linked Notes**"). Accordingly an investment in Equity Linked Notes may bear similar market risks to a direct equity investment and potential investors should take advice accordingly.

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

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

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

A holder of the Notes will not be a beneficial owner of the underlying equity securities (or depositary receipts) and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities, nor will a Noteholder be entitled to purchase the underlying equity securities (or depositary receipts) by virtue of their ownership of the Notes. Moreover, holders of the Notes will not

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be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. Unless otherwise specified in the Issue Terms, the Interest Amount and/or Final Redemption Amount will not reflect the payment of any dividends on the underlying equity securities. Accordingly, the return on the Notes will not reflect the return an investor would realise if it actually owned the underlying equity securities and received dividends, if any, paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the Final Redemption Amount will not be the same yield as would be produced if the underlying equity securities were purchased directly and held for a similar period.

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

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

Potential Adjustment Events (as defined in Equity Linked Condition 2) include (a) a sub-division, consolidation or re-classification of the relevant shares or a free distribution, or dividend of any such Shares to existing holders of the relevant shares by way of bonus, capitalisation or similar issue, (b) a distribution, issue or dividend to existing holders of the relevant shares of certain share capital or securities, (c) an extraordinary dividend, (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant shares that are not fully paid (e) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant shares, (f) in the case of a Basket Company or a Share Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, (g) any adjustment effected as a result of any shareholder rights plan or arrangement described in (f) and (h) any other event having a dilutive or concentrative effect on the value of the shares.

Extraordinary Events include (a) a delisting of the shares on an exchange, (b) illiquidity (c) an insolvency (where all the shares of the issuer of the underlying shares are transferred to a trustee, liquidator or similar official or may not be legally transferred) or bankruptcy of the issuer of the shares, (d) a listing change; (e) a listing suspension; (f) a merger event entailing the consolidation of the shares with those of another entity, (g) a nationalisation of the issuer of the shares or transfer of the shares to a governmental entity and (h) a tender offer or takeover offer that results in transfer of the shares to another entity.

Additional Disruption Event means any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Stop-Loss Event and/or Loss of Stock Borrow, in each case if specified in the Issue Terms.

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

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

### ***Risks relating to Inflation Linked Notes.***

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

Potential investors in any such Notes should be aware that depending on the terms of the Inflation Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur

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at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the inflation index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the inflation index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an inflation index or result of a formula, the greater the effect on yield.

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

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

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

### ***Risks relating to Fund Linked Notes.***

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

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

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

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

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of units or shares in the fund or funds. The price of units or shares in a fund may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the fund or funds may be traded. In addition, the price of units or shares in a fund may be affected by the performance of the fund service providers, and, in particular, the investment advisor. Prospective investors should review carefully the prospectus, information memorandum and/or base prospectus (if any) issued by any relevant fund before purchasing any Notes. None of the Issuer, any affiliate of the Issuer or the Calculation Agent make

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any representation as to the creditworthiness of any relevant fund or any such fund's administrative, custodian, investment manager or adviser.

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

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

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

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

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

### ***Risks relating to Credit Linked Notes.***

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

An investment in Credit Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include exposure to the credit risk of the particular Reference Entity or basket of Reference Entities (and, where applicable, one or more specific reference obligations) in addition to that of the Issuer. Depending on the manner in which the particular series of Credit Linked Notes is linked to the credit of a Reference Entity or basket of Reference Entities, a fall in the creditworthiness of a particular Reference Entity (or where perceptions worsen regarding the creditworthiness of a particular Reference Entity), may greatly reduce the market value of the related Notes and any payments of principal or interest then due. If a series of Credit Linked Notes is linked to the credit risk of a single Reference Entity, then the investors in the Notes will have a concentration risk compared to a more broadly weighted basket. If a series of Notes is linked to a basket of Reference Entities, a credit deterioration in one reference entity may however be strongly correlated with credit deterioration of other reference entities included in the basket, resulting in substantial decreases over a relatively short period of time in the market value of the related Notes and any payments of principal or interest then due.

Generally, the Credit Linked Notes may be redeemed prior to their scheduled maturity, for a number of reasons, including following a Credit Event, or certain early redemption events such a disruption events specified in the relevant Conditions for those Notes. Early redemption may result in Noteholders receiving a lower return on investment and in some circumstances may result in a loss of part or all of their investment. Prospective investors should consider reinvestment risk in light of other investments available at that time.

However, where (a) Maturity Credit Redemption applies or (b) the Notes are Non-Tranched Linear Basket Credit Linked Notes where Credit Payment on Maturity applies (as defined in "*Additional Terms and Conditions for Credit Linked Notes*" specified in the applicable Issue Terms), the maturity of the Credit Linked Notes may be delayed until scheduled maturity of the Credit Linked Notes despite the occurrence

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of a Credit Event. Scheduled maturity may occur significantly after the occurrence of the relevant Credit Event and unless so elected in the applicable Issue Terms no further interest will be payable during this period. Where the Notes are Tranching Linear Basket Credit Linked Notes, maturity of the Credit Linked Notes may also be delayed until scheduled maturity of the Credit Linked Notes, notwithstanding that this may occur a significant time following the occurrence of the relevant Credit Event(s).

Following the occurrence of a Credit Event Determination Date with respect to a number of Reference Entities that is greater than the L (being the lower tranche) number of Reference Entities specified in the Issue Terms and each subsequent Credit Event Determination Date thereafter, interest will accrue on a decreased nominal amount of the Notes until a Credit Event Determination Date has occurred with respect to a number of Reference Entities that is equal to or greater than the H (being the higher tranche) number of Reference Entities specified in the Issue Terms and at which point no further amounts shall be due in respect of the Notes.

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

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

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

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

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

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

## RISK FACTORS

### *A Credit Event may occur prior to the Trade Date*

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

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

Where the Notes are First-to-Default or Nth-to-Default Credit Linked Notes or Non-Tranched Linear Basket Credit Linked Notes, where Credit Payment As You Go applies, the Notes may be subject to redemption in full as described above upon the occurrence of a Credit Event in relation to the first or the nth or each Reference Entity in respect of which a Credit Event occurs. Where the Notes are Tranched Linear Basket Credit Linked Notes, the redemption amount of the Notes will only be reduced above upon the occurrence of a Credit Event in relation to a number greater than the L (being the lower tranche level) number of Reference Entities specified in the Issue Terms but will be subject to redemption in full as described above upon the occurrence of a Credit Event in relation to a number equal to or greater than the H (being the higher tranche level) number of Reference Entities specified in the Issue Terms. The credit risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

### *Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities, including for Zero/Set Recovery Notes and Tranched Linear Credit Linked Notes.*

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

### *Amendment of Credit Linked Conditions in accordance with market convention*

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

### *ISDA Credit Derivatives Definitions*

Whilst there are many similarities between the terms used in this Base Prospectus, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Base Prospectus and the applicable Issue Terms and that the 2014 ISDA Definitions are not incorporated by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates either the 2003 ISDA Definitions or the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how either set of the ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit Linked Notes may not conform to future market standards. Such a result may have a negative impact

## RISK FACTORS

on the Credit Linked Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predictable or favourable to the Issuer or the Noteholders.

### *Risks relating to Auction Settlement of Credit Linked Notes*

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

The Issuer and the Noteholders may have little or no influence in outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Issuer nor the Calculation Agent (or any of their Affiliates) shall be under any obligation to consider the interests of any Noteholder.

### *Risks relating to Foreign Exchange (FX) Rate Linked Notes.*

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

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

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

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

Payments of principal and interest or other obligations of the Issuer in respect of any Foreign Exchange (FX) Rate Notes may be restricted or varied upon the occurrence of certain disruption events applicable to the Notes. A relevant disruption event for an exchange rate may relate to inability to obtain a price for the

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exchange rate from the applicable price source(s), illiquidity, the split of any relevant currency into a dual exchange rate, inconvertibility, non-transferability, a material change in circumstances in the jurisdiction of the Subject Currency that makes it impossible to fulfil certain hedging arrangements, a nationalisation or variations in the prices quoted for the exchange on different sources being greater than a specified percentage threshold (or not quoted for by members of a survey used to determine such source) if specified for that rate in the terms and conditions of the Notes and/or the Issue Terms.

Following a relevant disruption event, the applicable valuation date may be postponed so long as the relevant disruption event continues, the Calculation Agent may determine the applicable exchange rate, the Notes may be redeemed early (or on the originally designated date) by payment of the applicable early redemption amount rather than any amount that would have otherwise been calculated in respect of and due on the relevant date, the related date for payment or delivery may be deferred so long as the relevant disruption event continues or a fallback reference price source or sources may be used to calculate the rate instead of the originally designated price source. Potential investors in any Foreign Exchange (FX) Rate Notes should ensure that they have read and understood the terms and conditions of such Notes to understand which disruption events apply (and the consequences thereof) and should ensure that they are willing to accept the related risks prior to investing in the Notes, which risks include an adverse effect on (i) the value of, and/or amounts or assets due in respect of, the Notes due to the occurrence of any disruption event and application of the related disruption fallback(s); or (ii) an investor's investment schedule, timetable or plans if any due date for payment and/or delivery under the Notes is postponed as a consequence of a disruption event.

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

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

***There are specific risks with regard to Floating Rate Notes.***

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the "Terms and Conditions of the Notes" provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to issue Fixed Rate Notes may affect the market value and secondary market (if any) of the Floating Rate Notes (and *vice versa*).

### 2.4 Market Factors

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

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



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

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

### 2.5 Potential Conflicts of Interest

The Issuer is subject to various potential conflicts of interest in respect of the Notes, which could have an adverse effect on the Notes.

***The Issuer and its affiliates may take positions in or deal with Reference Item(s).***

The Issuer and its affiliates may:

- in the ordinary course of business, effect transactions for their own account or for the account of their customers and hold long or short positions in the Reference Item(s) or related derivatives;
- in connection with an offering of Notes, enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives; and/or
- in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions in the Reference Item(s) or related derivatives which may adversely (or positively) affect the price, liquidity or value of the relevant Notes and which could therefore be adverse to the interests of the relevant Noteholders.

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

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

***The Issuer may have confidential information relating to the Reference Item and the Notes.***

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

***The Issuer's securities as a Reference Item.***

The Issuer's shares or other instruments issued by the Issuer may be/form part of a Reference Item in Index Linked Notes, Equity Linked Notes or other type of Notes. The Issuer will have material information in relation to such Notes which the Issuer will not be obliged to disclose to a purchaser of Notes.

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

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

**DOCUMENTS INCORPORATED BY REFERENCE**

The following parts of the documents identified below which have previously been published and have been filed with the Central Bank, shall be incorporated in, and form part of, this Base Prospectus:

- (a) The 2018 Annual Report of the BCP Group (available at <https://ind.millenniumbcp.pt/relcontas/2018/files/RCBCP2018.en.pdf>), including, without limitation, the following audited consolidated financial statements, notes and audit report set out at the following pages:

Balance Sheet	Page 161 of the pdf document
Income Statement	Page 158 of the pdf document
Cash Flows Statement	Page 162 of the pdf document
Statement of Changes in Equity	Page 163 of the pdf document
Statement of Comprehensive Income	Pages 159 to 160 of the pdf document
Notes to the Consolidated Financial Statements	Pages 164 to 379 of the pdf document
Audit Report	Pages 592 to 602 of the pdf document

- (b) The 2019 Annual Report of the BCP Group (available at <https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2019/ARBCP2019-en-30032020.pdf>), including, without limitation, the following audited consolidated financial statements, notes and audit report set out at the following pages:

Balance Sheet	Page 179 of the pdf document
Income Statement	Page 176 of the pdf document
Cash Flows Statement	Page 180 of the pdf document
Statement of Changes in Equity	Page 181 of the pdf document
Statement of Comprehensive Income	Pages 177 to 178 of the pdf document
Notes to the Consolidated Financial Statements	Pages 182 to 398 of the pdf document
Audit Report	Pages 609 to 620 of the pdf document

- (c) The 1st Quarter 2020 Report & Accounts of the BCP Group (available at [https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2020/RA\\_BCP1Q2020.pdf](https://ind.millenniumbcp.pt/en/Institucional/investidores/Documents/RelatorioContas/2020/RA_BCP1Q2020.pdf)) and the unaudited and un-reviewed earnings presentation of the BCP Group for the three month period ended 31 March 2020, (available at [https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/ApresentacaoResultados/2020/Earnings\\_presentation\\_Q1\\_2020\\_19052020.pdf](https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/ApresentacaoResultados/2020/Earnings_presentation_Q1_2020_19052020.pdf)) including, without limitation, the following unaudited and un-reviewed consolidated balance sheet and consolidated income statement set out at the following pages of the 1st Quarter 2020 Report & Accounts:

Balance Sheet	Page 47 of the pdf document
Income Statement	Page 46 of the pdf document

- (d) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 3 March 2017, pages 139-348 (inclusive), available at: [https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/Base\\_Prospectus\\_03Mar17.pdf](https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/Base_Prospectus_03Mar17.pdf);
- (e) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 13 February 2018, pages 140-348 (inclusive), available at: [https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2018/ICM-29343961-v1-BCP\\_Base\\_Prospectus\\_EN.PDF](https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2018/ICM-29343961-v1-BCP_Base_Prospectus_EN.PDF); and
- (f) the Terms and Conditions of the Notes contained in the previous Base Prospectus dated 13 February 2019, pages 171-345 (inclusive), available at: [https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2019/32001464\\_v1\\_BCP\\_SNP\\_2019\\_Base\\_Prospectus\\_13022019.pdf](https://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/divida/2019/32001464_v1_BCP_SNP_2019_Base_Prospectus_13022019.pdf).

Any other information incorporated by reference that is not included in the cross-reference lists in (a), (b) and (c) above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Delegated Regulation (EU) No 2019/980.

## TERMS AND CONDITIONS OF THE NOTES

All financial information in this Base Prospectus relating to the Issuer for the years ended on 31 December 2018 and 31 December 2019 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended and all financial information in this Base Prospectus to the Bank for the three month period ended 31 March 2020 has been extracted from the 1st Quarter 2020 Report and Accounts of BCP Group and the unaudited and un-reviewed earnings presentation of BCP Group for the three month period ended 31 March 2020.

The documents incorporated by reference in (a), (b) and (c) above are direct and accurate translation from their original Portuguese form. In the event of a discrepancy the original Portuguese version will prevail.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise) modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

## TERMS AND CONDITIONS OF THE NOTES

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

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

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

Each Note is one of a Series (as defined below) of Notes issued by Banco Comercial Português, S.A. (the "**Issuer**") pursuant to the Agency Terms or the Instrument (each as defined below).

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

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Notes Currency;
- (ii) any Global Note;
- (iii) Book Entry Notes; and
- (iv) any definitive Notes in bearer form ("**Definitive Bearer Notes**") issued in exchange for a Global Note.

Notes in book entry form ("**Book Entry Notes**") are integrated in the Interbolsa book entry system and governed by these conditions and a deed poll given by the Issuer in favour of the holders of Book Entry Notes dated 5 June 2020 (the "**Instrument**").

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of a set of Agency Terms (such Agency Terms as amended and/or supplemented and/or restated from time to time, the "**Agency Terms**") dated 5 June 2020 issued by Banco Comercial Português, S.A. as Issuer, and, if so specified in the Issue Terms, calculation agent and delivery agent (the "**Calculation Agent**" and the "**Delivery Agent**", which expressions shall include any successor calculation agent or successor delivery agent and any other calculation agent or delivery agent specified in the Issue Terms) and as Portuguese paying agent (the "**Portuguese Paying Agent**"). A principal paying agent may be appointed from time to time (the "**Principal Paying Agent**"). The Principal Paying Agent, together with the Portuguese Paying Agent, are referred to as the "**Paying Agents**". The Principal Paying Agent, the Portuguese Paying Agent, the other Paying Agents, the Calculation Agent and the Delivery Agent are referred to together as the "**Agents**".

The final terms for each Note (or the relevant provisions thereof) are set out in **Part A** of the Final Terms attached to or endorsed or incorporated herein on the relevant Note which complete, and will be read in conjunction with, these General Conditions. References to the "**Final Terms**" are to the final terms (or the relevant provision thereof) attached or endorsed on the relevant Note. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall, subject as provided in General Condition 1(a), mean the holders of the Notes and in the case of Book Entry Notes, the persons shown in the individual securities accounts held with an authorised financial intermediary institution entitled to hold control accounts with the Central de Valores Mobiliários on behalf of their customers (and includes any depositary banks appointed by Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A.

## TERMS AND CONDITIONS OF THE NOTES

("Clearstream, Luxembourg") for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) (each an "Affiliated Member") of Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("Interbolsa") (the "Book Entry Noteholders") and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons (each as defined below).

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue. References in this Base Prospectus to "Exempt Notes" are to Notes for which no prospectus is required to be published under the Prospectus Regulation. As used herein, "Issue Terms" means either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

The Noteholders (other than Book Entry Noteholders), the Receiptholders and the Couponholders will be entitled to the benefit (at such point at which Global Notes are issued) of the Deed of Covenant (the "Deed of Covenant") the form of which is set out in the Agency Terms dated 5 June 2020 and made by the Issuer.

Copies of the Agency Terms and the Instrument are available for inspection during normal business hours at the specified office of the Portuguese Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Terms, the Instrument and the Issue Terms which are applicable to them. The statements in the General Conditions include summaries of, and are subject to, the detailed provisions of the Agency Terms and the Instrument.

Words and expressions defined in the Agency Terms, the Instrument or used in the Issue Terms shall have the same meanings where used in the General Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Terms or the Instrument, as the case may be, and the Issue Terms, the Issue Terms will prevail.

### 1. Form, Denomination and Title

#### (a) *Form and Denomination*

The Notes are in bearer form ("Bearer Notes") or in book entry form ("*forma escritural*") in which case they are "*nominativas*" (i.e. Interbolsa, at the Issuer's request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) in the currency (the "Specified Notes Currency") and the denomination(s) (the "Specified Denomination(s)") specified in the Issue Terms and definitive Notes will be serially numbered.

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

#### (b) *Type of Notes*

A Note is, to the extent specified in the Issue Terms, (i) a Note bearing interest on a fixed-rate basis (a "Fixed Rate Note"), (ii) a Note bearing interest on a floating-rate basis (a "Floating Rate Note"), (iii) a Note bearing interest on the basis of specified interest amounts (a "Specified Interest Amount Note"), (iv) a Note issued on a non-interest

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bearing basis and offered and sold at a discount (other than a *de minimis* discount) to its nominal amount or at par and to which the Zero Coupon Notes provisions are expressed to be applicable (a "**Zero Coupon Note**"), and/or (iv) a Reference Item Linked Note (as defined below).

A Note may, to the extent specified in the Issue Terms, also be (i) a Note which is redeemable in instalments (an "**Instalment Note**"), (ii) a Note upon which its denomination and payment of principal and/or interest may be in more than one currency (a "**Dual Currency Note**"), (iii) a Note issued on a partly paid basis (a "**Partly Paid Note**") or a (iv) a Reference Item Linked Note.

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

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

A Note may, as provided in the Issue Terms, provide that settlement will be by way of cash settlement ("**Cash Settled Notes**"); by way of physical delivery ("**Physically Settled Notes**"); or where Condition 4(b)(ii) (*Variation of Settlement*) is specified in the Issue Terms to apply, the method of settlement may be changed from Cash Settlement to Physical Delivery (or *vice versa*) at the option of the Issuer.

(c) **Title**

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

Title to the Book Entry Notes passes upon registration in the relevant individual securities accounts held with an Affiliated Member of Interbolsa.

(d) **Notes in Global Form**

For as long as any of the Notes are represented by a Global Note held by or on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes and voting, giving consents and making requests, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the

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relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

Except in relation to Notes indicated in the Issue Terms as being in New Global Note form, references to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Issue Terms or as may otherwise be approved by the Issuer and Principal Paying Agent.

In this General Condition, the following expressions shall have the following meanings:

"**Bearer Global Note**" means a global note (temporary or permanent) in bearer form; and

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

### 2. **Status of the Notes**

The Notes and the relative Coupons and Receipts are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu*, among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.

### 3. **Interest**

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

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each an "**Interest Period**" and each such latter date the "**Interest Period End Final Date**"). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after the Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date. If a Business Day Convention (as defined in General Condition 3(i) below) is specified in the Issue Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day (as defined in General Condition 3(i)), then, the relevant Business Day Convention shall apply. For the purposes of this General Condition 3(a), "**Interest Period End Date**" shall mean each date so specified in the Issue Terms. If no such date(s) is so specified, then the Interest Period End Date for an Interest Period shall be the corresponding Interest Payment Date (unadjusted for any Business Day Convention).

Interest on Fixed Rate Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding of Fixed Rate Notes and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders of Book Entry Notes in accordance with Interbolsa's usual rules and operating procedures.

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

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

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

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

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up);
- (ii) in the case of each Fixed Rate Note in definitive form, the Calculation Amount; of
- (iii) in the case of Book Entry Notes, the full nominal amount, as provided above,

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in General Condition 3(i) below) specified in the Issue Terms.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Notes Currency, half of any such sub-unit (as defined below) being rounded upwards or otherwise in accordance with applicable market convention.

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

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

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

(i) ***Interest Period End Dates and Interest Payment Dates***

Each Floating Rate Note and, subject to the provisions of General Condition 3(e) below and unless otherwise specified in the Issue Terms, each Reference Item Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, in accordance with General Condition 3(f)) in respect of each Interest Period (as defined in General Condition 3(a)). For the purposes of this General Condition 3(b), "**Interest Period End Date**" shall mean either:

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

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no



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additional interest or other amount shall be payable as a result of such interest being payable on such later date.

If a Business Day Convention is specified in the Issue Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day (as defined in General Condition 3(i) below), then the relevant Business Day Convention (as defined in General Condition 3(i) below) shall apply. **Provided that**, in any case, where Specified Periods are specified in accordance with General Condition 3(b)(i)(ii) above, the Floating Rate Convention shall apply.

(ii) *Rate of Interest*

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

(iii) *ISDA Determination*

Where ISDA Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Issue Terms) the Margin (if any). For the purposes of this subparagraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Portuguese Paying Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Portuguese Paying Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (i) the Floating Rate Option is as specified in the Issue Terms;
- (ii) the Designated Maturity is a period specified in the Issue Terms; and
- (iii) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (y) in any other case, as specified in the Issue Terms.

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

(iv) *Screen Rate Determination*

Where Screen Rate Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page

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

- (iii) in the case of a CMS Rate, the rate for swap transactions in the currency to which the CMS Rate relates with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any), all as determined by the Calculation Agent or, in the event that the Calculation Agent determines it is not reasonably practicable to determine the Rate of Interest in such manner, the Rate of Interest will be determined by the Calculation Agent as such rate that it determines would have prevailed but for such impracticality by reference to such source(s) as it may select; or
- (iv) in the case of a rate that is based on the yield of a government bond (a "**Government Bond Yield Rate**"), the rate for a generic government bond, expressed as a percentage per annum, with a maturity of the Designated Maturity, which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any) (all as specified in the Issue Terms), as determined by the Calculation Agent or if the Calculation Agent determines that it is not reasonably practicable to obtain the rate in such manner, the rate will be determined as such rate that the Calculation Agent determines would have prevailed but for such impracticability by reference to such source(s) as it may select; or
- (v) in case the rate specified in the Issue Terms is a TEC Rate (*Taux de l'Echéance Constante*), the offered quotation, expressed as a percentage rate per annum, with a maturity of the Designated Maturity calculated by the *Comité de Normalisation Obligataire* (or any successor thereto), which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any) (all as specified in the Issue Terms), as determined by the Calculation Agent or if the Calculation Agent determines it is not reasonably practicable to determine the rate in such manner, the rate shall be determined by the Calculation Agent on the basis of the linear interpolation of the mid-market prices for each of the two reference French treasury bonds (*Obligation Assimilable du Trésor*) ("**OAT**"), which would have been used by the *Comité de Normalisation Obligataire* (or any successor thereto) for the calculation of the relevant rate. In order to determine such mid-market prices, the Calculation Agent shall request five active dealers each to provide a quotation of its price at approximately the Specified Time on the Interest Determination Date in question and shall determine the mid-market prices as the arithmetic mean of such quotations after discarding the highest and lowest of such quotations.

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In the case of (i) and (ii), the Agency Terms contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the Specified Time indicated above or in the Issue Terms. The Issue Terms may, if agreed by the relevant Dealer, set out such provisions in full.

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

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

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

- (i) in the case of Floating Rate Notes and Reference Item Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of each Floating Rate Note, Reference Item Linked Interest Note and Combination Interest Note in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the Day Count Fraction (as defined in General Condition 3(i) below) specified in the Issue Terms and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Notes Currency, one half of such a sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

(vi) *Minimum and/or Maximum Interest Rate*

If the Issue Terms specifies a Minimum Interest Rate for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraph (ii), (iii), (iv) or (v) above or (e) below (as appropriate) is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. If the Issue Terms do not specify a Minimum Interest Rate for any Interest Period, then the Rate of Interest for such Interest Period shall not be less than zero.

If the Issue Terms specifies a Maximum Interest Rate for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraph (ii), (iii), (iv) or (v) above or (e) below (as appropriate) is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(vii) *Linear Interpolation*

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

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

(viii) *Notification of Rate of Interest and Interest Amount*

The Principal Paying Agent or the Portuguese Paying Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Irish Stock Exchange (in the case of Notes which are listed on the Official List of the Irish Stock Exchange and the rules of such stock exchange so require) and, if applicable, to any other stock exchange on which the relevant Notes are for the time being listed. In addition, the Principal Paying Agent or the Portuguese Paying Agent, as applicable, shall publish or cause to be published such Rate of Interest, Interest Amount and Interest Payment Date in accordance with General Condition 12 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with General Condition 12.

(ix) *Certificates to be Final*

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

(c) *Interest on Specified Interest Amount Notes*

Each Specified Interest Amount Note shall pay interest at an amount per Calculation Amount equal to the Specified Interest Amount so specified in the Specified Interest Amount provisions of the Issue Terms which shall be payable on the relevant Specified Interest Payment Date(s) also specified therein, adjusted, where applicable for any Business Day Convention. For the avoidance of doubt, different Specified Interest Amounts may be payable in respect of Specified Interest Payment Dates.

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(d) ***Zero Coupon Notes***

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with General Condition 5(g) as its Amortised Face Amount. As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield specified in the Issue Terms. Such interest shall continue to accrue (as well after as before any judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note. Such interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed in such incomplete month or on such other basis as may be specified in the Issue Terms.

(e) ***Interest on Reference Item Linked Interest Notes***

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

(f) ***Interest on Partly Paid Notes***

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

(g) ***Interest Payments and Accrual of Interest***

Interest will be paid subject to and in accordance with the provisions of General Condition 4. Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless otherwise provided in these General Conditions or any Annex and otherwise unless, upon due presentation thereof, payment of principal or the payment, and/or delivery of the Entitlement as set out in the Issue Terms (if applicable), is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) at the Fixed Rate or, as the case may be, the Rate of Interest at such day count fraction as the Principal Paying Agent or the Portuguese Paying Agent, as applicable, determines appropriate or as otherwise provided in the Issue Terms until whichever is the earlier of (i) the day on which all sums due and/or assets comprised in the Entitlement in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Principal Paying Agent or the Portuguese Paying Agent, as applicable, or any agent appointed by the Issuer to deliver such assets to Noteholders has notified the holder thereof (either in accordance with General Condition 12 or individually) of receipt of all sums due and/or assets comprised in the Entitlement in respect thereof up to that date (subject, in the case of Credit Linked Notes, to the provisions of Credit Linked Condition 4).

(h) ***Benchmark Replacement***

This Condition 3(h) applies only to Floating Rate Notes where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest (or any component part thereof) is to be determined. If the Issuer determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the Notes:

- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint at its own expense an Independent Adviser to determine (without any requirement for the consent or approval of the Noteholders) (A) a Successor Rate or, failing which, an Alternative Reference Rate, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the

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Notes and (B) in either case, an Adjustment Spread. Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or any Adjustment Spread, the Independent Adviser will take into account 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;

- (ii) if the Issuer (i) is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Reference Rate in accordance with this Condition 4(e) prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner and following consultation with the Independent Adviser in the event one has been appointed but without any requirement for the consent or approval of the Noteholders) may determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 3(h). Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account 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;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Original Reference Rate (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(e));
- (iv) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines 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 Reference Rate (as applicable). If the Independent Adviser or, as the case may be, the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
- (v) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Independent Adviser or, as the case may be, the Issuer may (without any requirement for the consent or approval of the holders of the Notes) also specify changes to these Conditions and/or the Agency Terms in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable), including, but not limited to, (A) the Day Count Fraction, Relevant Screen Page, Business Day, Interest Determination Date, Reset Determination Date, Mid-Swap Rate, Mid-Market Swap Rate and/or the definition of Reference Rate and (B) the method for determining the fall-back rate in relation to the Notes. For the avoidance of doubt, the Issuer and the Agent shall effect such consequential amendments to the Agency Terms and/or these Conditions as may be required in order to give effect to the application of this Condition 4(e). No consent shall be required from the Noteholders in connection with determining or giving effect to the Successor Rate, Alternative Reference Rate or any Adjustment

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Spread (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Issuer or the Agent (if required or useful); and

- (vi) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the Noteholders in accordance with Condition 12 (Notices) and the Agent (if different from the Issuer). Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Terms and/or these Conditions (if any).

An Independent Adviser appointed pursuant to this Condition 3(h) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 3(h).

Without prejudice to the obligations of the Issuer under this Condition 3(h), the Original Reference Rate and the other provisions in this Condition 3(h) will continue to apply (i) if the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) is unable to or does not determine a Successor Rate or an Alternative Reference Rate in accordance with this Condition 3(h), and (ii) where the Independent Adviser or, as the case may be, the Issuer does determine a Successor Rate or Alternative Reference Rate, unless and until the Agent (if different from the Issuer) and (in accordance with Condition 12 (Notices)) the Noteholders have been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Terms and the Conditions (if any). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Reset Period (as applicable) only and any subsequent Interest Periods or Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(h).

Notwithstanding any other provision of this Condition 3(h), no Successor Rate or Alternative Reference Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 3(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as MREL Eligible Liabilities or Tier 2 instruments of the Issuer, or, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the relevant authority treating a future Reset Date or Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

For the purposes of this Condition 3(h):

**"Adjustment Spread"** shall mean a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) 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

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- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders) in each case acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (c) if no such customary market usage is recognised or acknowledged, the Independent Adviser or, as the case may be, the Issuer (following consultation with the Independent Adviser (if any) but without any requirement for the consent or approval of the Noteholders), in each case in its discretion and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

**"Alternative Reference Rate"** means the rate that the Independent Adviser or, as the case may be, the Issuer determines 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 thereof) for a commensurate period and in the same Specified Currency as the Notes, or, if the Independent Adviser or, as the case may be, the Issuer determines that there is no such rate, such other rate as the Independent Adviser or, as the case may be, the Issuer determines in its discretion is most comparable to the Original Reference Rate;

**"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 be administered; or
- (b) the later of (A) the making of a public statement by the administrator of the Original Reference Rate stating that it will on or prior to a specified date cease to publish 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) and (B) the date falling six months prior to the specified date referred to in (b)(A); or
- (c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (d) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (d)(A); or
- (e) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (e)(A); or
- (f) it has, or will on or prior to a specified date within the following six months, become unlawful for the Issuer or the Agent, as the case may be, to calculate any payments due to be made to the holders of the Notes using the Original Reference Rate; or



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- (g) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative or may no longer be used.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer;

**"Original Reference Rate"** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) applicable to the Notes (or, if applicable, any other successor or alternative rate (or component part thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 4(e));

**"Relevant Nominating Body"** means in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means the rate that the Independent Adviser or, as the case may be, the Issuer determines is a successor to, or replacement of, the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(i) ***Calculation Agent***

- (i) If a Calculation Agent is specified in the Issue Terms, any determination specified in General Conditions 3(b) to (h) (inclusive) as being determinations to be made by the Principal Paying Agent or the Portuguese Paying Agent, as applicable, will instead be made by the Calculation Agent as if references to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, in such General Conditions (and related provisions of the Agency Terms) were to the Calculation Agent. The Calculation Agent will notify any amount of interest to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, as soon as reasonably practicable following its determination.
- (ii) A Calculation Agent must be appointed for the determination of the Rate of Interest where such determination is other than a single determination of the Rate of Interest for each Interest Period that is made in accordance with this General Condition 3 and the related provisions of the Agency Terms and without the imposition of any additional duties on the Principal Paying Agent or the Portuguese Paying Agent, as applicable,.

(j) ***Definitions***

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

**"Business Day"** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and

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foreign currency deposits) in any Additional Business Centre (other than TARGET2 System) specified in the Issue Terms; and

- (ii) if TARGET2 System is specified as an Additional Business Centre in the applicable Issue Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and
- (iii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (and which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day (a "**Target Settlement Day**") on which the TARGET2 System is open.

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

- (i) the "**Floating Rate Convention**", such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;
- (ii) the "**Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day;
- (iii) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (iv) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.

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

- (i) if "**Actual/Actual (ICMA)**" is specified in the Issue Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the Issue Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (C) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the Issue Terms) that would occur in one calendar year; and

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

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

"**Determination Period**" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

- (i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

- "Y<sub>1</sub>" is the year expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31 in which case D<sub>1</sub>, will be 30; and
- "D<sub>2</sub>" is the calendar day expressed as a number immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub>, is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31 in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 in which case D<sub>2</sub> will be 30.

- (i) if "**1/1**" or "**1**" is specified, one.
- (ii) if "**Not applicable**" is specified then the Day Count Fraction will not be taken into account in any calculation of interest.

4. **Payments, Physical Delivery and Exchange of Talons**

For the purposes of this General Condition 4, references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Entitlement(s).

(a) ***Method of Payment***

(i) ***Bearer Notes***

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

Subject as provided below and subject also as provided in the Issue Terms, payments in respect of definitive Notes (other than Foreign Exchange (FX) Rate Notes) denominated in a currency (other than euro) or, in the case of Foreign Exchange (FX) Rate Notes, payable in a currency (other than euro) will (subject as provided below) be by transfer to an account in the currency maintained by the payee with, a bank in the principal financial centre of the country of such currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively). Payments in euro will be made by credit or transfer to a euro account or any other account to which euro may be credited.

(ii) ***Global Notes***

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will be made in the manner specified above and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside of the United States. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

Payments in respect of the Book Entry Notes will be made by transfer to the registered account of the Noteholders maintained by or on behalf of it with a bank that processes payments in Euro, details of which appear in the records of the relevant Affiliated Member of Interbolsa at the close of business on the Payment Day (as defined below) before the due date for payment of principal and/or interest.

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Payments in respect of the Book Entry Notes will be made by transfer to the registered account of the Noteholders maintained by or on behalf of it with a bank that processes payments in Euro, details of which appear in the records of the relevant Affiliated Member of Interbolsa at the close of business on the Payment Day (as defined below) before the due date for payment of principal and/or interest.

(iii) *Payments in United States*

Notwithstanding the foregoing, payments in respect of Bearer Notes denominated and payable in US dollars will be made at the specified office of any Paying Agent in the United States if (a) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount due on the Bearer Notes in the manner provided above when due; (b) payment of the full amount due at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences for the Issuer.

(iv) *Coupons*

Fixed Rate Bearer Notes in definitive form should be presented for payment with all unmatured Coupons appertaining thereto (which expression shall include Coupons to be issued on exchange of Talons which will have matured on or before the relevant redemption date), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupon which the sum so paid bears to the total amount due) will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in General Condition 6) for the payment of such sum due for payment, whether or not such Coupon has become void pursuant to General Condition 9 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Bearer Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Note, Specified Interest Amount Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, Fund Linked Note, Credit Linked Note, Foreign Exchange (FX) Rate Linked Note or Combination Note in definitive bearer form all unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Floating Rate Note, Specified Interest Amount Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, Fund Linked Note, Credit Linked Note, Foreign Exchange (FX) Rate Linked Note or Combination Note is presented for redemption without all unmatured Coupons appertaining thereto, payment of all amounts due in relation to such Note shall be made only against the provision of such indemnity of the Issuer.

(v) *Payments*

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, then the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "**Payment Day**" means any day which (subject to General Condition 9) is a day on which commercial banks and foreign exchange markets

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settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (i) either (i) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (if other than the place of presentation, any Financial Centre and which, (x) if such currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (y) if such currency is Renminbi, shall be Beijing and Hong Kong) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open;
- (ii) each city specified as a Financial Centre (each, a "**Financial Centre**") (other than TARGET2 System) in the Issue Terms;
- (iii) if TARGET2 System is specified as Financial Centre in the applicable Issue Terms, a day on which the TARGET2 System is open; and
- (iv) in relation to Notes in definitive form, the relevant place of presentation;

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of General Condition 10. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of General Condition 6, (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto and (iii) any withholding or deduction required pursuant to Section 871(m) of 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 Notes, the Issuer 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.

Payments on the Notes that reference U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

(b) ***Physical Delivery***

- (i) *Physical Delivery of Bearer Notes*
- (i) *Asset Transfer Notices*

In relation to Bearer Notes to be redeemed by delivery or, in the case of Credit Linked Notes, Delivery (as such term is defined in the Credit

Linked Conditions of the Entitlement(s) (as defined below), in order to obtain delivery or Delivery, as the case may be, of the Entitlement in respect of any Note, the relevant Noteholder must:

- (1) if such Note is represented by a Global Note, deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and any entity appointed by the Issuer to deliver or Deliver, as the case may be, the Entitlement on its behalf (the "**Delivery Agent**") no later than the close of business in each place of reception on the Cut-Off Date, a duly completed asset transfer notice substantially in the form set out in the Agency Terms (the "**Asset Transfer Notice**"); and
- (2) if such Note is in definitive form, deliver to any Paying Agent with a copy to the Principal Paying Agent and the Delivery Agent (as defined above) no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

For the purposes hereof, "**Cut-off Date**" means the date specified as such in the Issue Terms or if not so specified (a) in respect of a Note that is not a Credit Linked Note, the fifth Business Day immediately preceding the Delivery Date or (b) in respect of a Credit Linked Note, the third Business Day immediately preceding the Credit Settlement Date.

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

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

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

The Asset Transfer Notice shall:

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



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- (5) include such details as are required for delivery or Delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered or Delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, (including, where applicable, pursuant to Credit Linked Condition 1, in respect of any cash amount constituting the Entitlement) or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Redemption Amount or Failure to Deliver Redemption Amount, as applicable, or as a result of the Issuer electing to pay the Alternate Cash Redemption Amount (each as defined below);
- (6) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (7) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Terms.

Copies of such Asset Transfer Notice may be obtained from any Paying Agent.

(ii) *Determinations and Delivery*

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the relevant Paying Agent in consultation with the Principal Paying Agent or the Portuguese Paying Agent, as applicable, and shall be conclusive and binding on the Issuer, the Principal Paying Agent(s), any Delivery Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, and any Delivery Agent immediately after being delivered or sent as provided in paragraph (i), shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, the relevant Clearing System, or, in the case of Notes in definitive form, by the relevant Paying Agent in consultation with the Principal Paying Agent or the Portuguese Paying Agent, as applicable, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

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

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

The Entitlement will be delivered on the date fixed for redemption (such date, subject to adjustment in accordance with this General Condition 4(b), the "**Delivery Date**") or (in the case of Credit Linked Notes) Delivered on the Credit Settlement Date, in each case at the risk of the relevant Noteholder in the manner provided below and **provided that**, in each case, the Asset Transfer Notice is duly delivered as provided above not later than the close of business in each place of reception on the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to each relevant party prior to the close of business in each place of reception on the Cut-Off Date, then the Entitlement will be delivered or, as the case may be, Delivered as soon as practicable after the Delivery Date or the Credit Settlement Date, as the case may be, at the risk of such Noteholder in the manner set out below, **Provided that**, if in respect of a Note, an Asset Transfer Notice is not delivered to the relevant Clearing System and/or each other relevant party, as the case may be, with a copy to the Issuer, prior to the close of business in each place of reception on the 90<sup>th</sup> calendar day following the Cut-off Date then (a) if "**Assessed Value Payment Amount**" is specified as applicable in the Issue Terms, the Issuer shall as soon as reasonably practicable following such date determine the Assessed Value Payment Amount (as defined below) and in respect of such Note shall pay the Assessed Value Payment Amount to the relevant Noteholder in lieu of delivery of the Entitlement as soon as reasonably practicable following determination of the Assessed Value Payment Amount, or (b) if "**Assessed Value Payment Amount**" is specified as "not applicable" in the Issue Terms, the Issuer's obligations in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer. Upon payment of the Assessed Value Payment Amount, if applicable, the Issuer's obligations in respect of such Note shall be discharged. For the avoidance of doubt, in the circumstances described above, such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of a failure to give an Asset Transfer Notice in relation to a Delivery Date or the Credit Settlement Date, as applicable and no liability in respect thereof shall attach to the Issuer.

The Issuer (or any Delivery Agent on its behalf) shall, at the risk of the relevant Noteholder, deliver (or procure the delivery) or Deliver (or procure the Delivery) of the Entitlement for each Note, in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. All costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes ("**Expenses**") arising from the delivery or Delivery, as the case may be, of the Entitlement, in respect of such Notes shall be for the account of the relevant Noteholder and no delivery or Delivery of the Entitlement shall be made until all Expenses have been paid by the relevant Noteholder to the satisfaction of the Issuer.

(iii) *General*

Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, **provided that**, the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Noteholder.

Following the Delivery Date or Credit Settlement Date in respect of a share forming part of the Entitlement, all dividends on the relevant shares to be delivered will be payable to the relevant party according to market practice assuming a sale of the shares has been executed on the Delivery Date or Credit Settlement Date. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in General Condition 4(b)(i)(1).

For such period of time after delivery or Delivery of the Entitlement until the Delivery Date or the Credit Settlement Date (the "**Intervening Period**"), none of the Issuer, the Paying Agents, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities, obligations or Deliverable Obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities, obligations or Deliverable Obligations.

(iv) *Settlement Disruption*

The provisions of this General Condition 4(b)(i)(iv) apply to Notes other than Credit Linked Notes.

If, in the opinion of the Calculation Agent, delivery of the Entitlement in such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event other than a Relevant Asset Redemption Event (each as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, **provided that**, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. Following the occurrence of a Relevant Asset Redemption Event, the Entitlement Amount shall be deemed to be a cash amount equal to the proceeds of redemption of the Entitlement specified in the Issue Terms less (where "**Unwind Costs**" are specified as being applicable in the Issue Terms), an amount equal to all Unwind Costs (as defined below), as determined by the Calculation Agent and notified to the Noteholders in accordance with General Condition 13. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event other than a Relevant Asset Redemption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 12. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the

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occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**"Disruption Cash Redemption Amount"** means, in respect of any relevant Note, the fair market value of such Note (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets) less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

**"Hedging Arrangements"** means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Notes.

**"Relevant Asset Redemption Event"** means, in respect of a Relevant Asset which is specified in the Issue Terms to be a debt obligation in the form of a bond, that the Relevant Asset has been redeemed for any reason, on or prior to the Maturity Date of the Notes;

**"Settlement Business Day"** has the meaning specified in the Issue Terms;

**"Settlement Disruption Event"** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the Conditions and/or the Issue Terms; and

**"Unwind Costs"** means the amount specified in the Issue Terms (if any) or if **"Standard Unwind Costs"** are specified in the Issue Terms, an amount determined by the Calculation Agent equal to, in respect of each Note equal to the Calculation Amount, such Note's *pro rata* share of the aggregate sum of (without duplication) all costs (including loss of funding), fees, charges, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Relevant Assets and the Notes and the related termination, settlement or re-establishment of any Hedging Arrangements.

(v) *Failure to Deliver due to Illiquidity*

The provisions of this General Condition 4(b)(i)(v) apply to the Notes other than Credit Linked Notes.

If **"Failure to Deliver due to Illiquidity"** is specified as applying in the Issue Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **"Affected Relevant Assets"**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **"Failure to Deliver due to Illiquidity"**), then:

- (1) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated date of redemption in accordance with this General Condition 4(b); and
- (2) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Failure to Deliver Redemption Amount (as defined below) on the fifth Business Day

following the date that notice of such election is given to the Noteholders in accordance with General Condition 12. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 that the provisions of this General Condition 4(b)(i)(v) apply.

For the purposes hereof, "**Failure to Deliver Redemption Amount**" means, in respect of any relevant Note, the fair market value of such Note (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

(ii) *Physical Delivery of Book Entry Notes*

In respect of Book Entry Notes to be redeemed by delivery or, in the case of Credit Linked Notes, Delivery (as such term is defined in the Credit Linked Conditions) of the Entitlement(s), such delivery or Delivery, as the case may be, will be made in accordance with the rules and procedures of Interbolsa for physical delivery in force from time to time.

(iii) *Variation of Settlement*

If the Issue Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with General Condition 12 and the provisions of Condition 4(b) (*Physical Delivery*) shall apply accordingly. Where so specified in the Issue Terms, the Issuer shall give not less than the minimum period of notice and/or not more than the maximum period of notice.

(iv) *Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*

Notwithstanding any provision of these General Conditions to the contrary, the Issuer may, in its sole and absolute discretion in respect of Notes to which this General Condition 4(b) applies, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprises assets which are not freely tradable, elect either (i) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other assets which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the "**Substitute Asset**" or the "**Substitute Assets**", as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute Assets, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholder on the Delivery Date of an amount equal to the fair market value of the Entitlement on or about the time of so electing as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the "**Alternate Cash Redemption Amount**"). Notification of any such election will be given to Noteholders in accordance with General Condition 12 and in the event that the Issuer elects to pay the Alternate Cash Redemption Amount such notice shall give details of the manner in which such amount shall be paid.

For purposes hereof, a "**freely tradable**" security shall mean (i) with respect to the United States, a security which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradable security for purposes of the Securities Act, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdiction.

(v) *Rights of Noteholders and Calculations*

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

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

(vi) For the purposes of the General Conditions:

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

"**Assessed Value Payment Amount**" means, in respect of a Note, an amount determined by the Calculation Agent to be the fair market value of the assets comprised in the Entitlement in respect of such Note less the cost to the Issuer and/or its Affiliates of unwinding any underlying relating hedging arrangements, all as determined by the Issuer.

5. **Redemption and Purchase**

(a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as provided below, each Note (other than a Credit Linked Note) will be redeemed by the Issuer at its relevant Final Redemption Amount in the Specified Notes Currency on the Maturity Date specified in the Issue Terms or, if (i) Physical Settlement is specified as applicable in the Issue Terms (each such Note a "**Physical Delivery Note**") or (ii) Variation of Settlement is specified as applicable in the Issue Terms and the Issuer exercises such option, by delivery of the Entitlement (as provided in General Condition 4(b) (*Physical Delivery*) above) on the Delivery Date. Notes may not be redeemed other than in accordance with these General Conditions and any applicable Annex.

The "**Issue Redemption Amount**" shall be an amount in respect of each Calculation Amount, equal to the Calculation Amount multiplied by: (i) the percentage or (ii) the Final Payout specified in the Issue Terms. For the avoidance of doubt, if the Final Payout is zero, no amount shall be payable on the final redemption of the Note.

The "**Entitlement**", in respect of each Calculation Amount, shall be a quantity of the Relevant Asset(s) (and any cash amount to be delivered as a result of rounding down) specified in the Issue Terms equal to the Entitlement Amount specified in the Issue Terms or, in the case of Credit Linked Notes, the Deliverable Obligations to be delivered pursuant to the Credit Linked Conditions. If the Relevant Asset is specified in the Issue Terms to be a debt obligation in the form of a bond (a "**Bond Asset**"), the Entitlement in respect of each Calculation Amount, shall be a nominal amount of such Bond Asset (and any cash amount to be delivered as a result of rounding down) specified in the Issue Terms having a face value equal to the Entitlement Amount specified in the Issue Terms. In respect of any Bond Asset (i) the Calculation Agent shall make such adjustments as it, in its sole and

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absolute discretion determines to be necessary, to the Entitlement to be so delivered, in order to take account of any redenomination, subdivision, consolidation, reclassification or any event having a dilutive or concentrative effect on the value of the Bond Asset; or (ii) if such Bond Asset is converted into or exchanged for other securities in accordance with the terms of any voluntary or involuntary exchange or restructuring programme, the Entitlement shall be a nominal amount of, in each case such converted securities or securities for which the Bond Asset has been exchanged having a face value equal to the Entitlement Amount. If the Calculation Agent determines in its sole and absolute discretion that such securities are not freely tradable, the provisions of General Condition 4(b)(iv) (*Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*) shall apply.

"**Relevant Asset(s)**" means the relevant asset(s) so specified in the Issue Terms.

(b) ***Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than the minimum period not more than the maximum period of notice specified in the applicable Issue Terms to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, and, in accordance with General Condition 12, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in General Condition 6 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in General Condition 6) 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 of the Notes; and
- (ii) such obligation to pay additional amounts cannot be avoided by the Issuer taking reasonable measures available to it,

**provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this General Condition, the Issuer shall deliver to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, a certificate signed by two Directors of the Issuer (or if at the time that such certification is to be given the Issuer has only one Director, such certificate may be signed by such Director) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts.

Each Note redeemed pursuant to this General Condition 5(b) will be redeemed at its Early Redemption Amount referred to in paragraph (g) below and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date.

(c) ***Redemption for Illegality***

In the event that the Issuer determines in good faith that the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with General Condition 12 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the

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Notes, each Note being redeemed at its Early Redemption Amount referred to in paragraph (g) below and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date.

(d) ***Redemption at the Option of the Issuer (Issuer Call)***

If "**Issuer Call Option**" is specified as being applicable in the Issue Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the Issue Terms' notice to the Noteholders in accordance with General Condition 12 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and each at the Optional Redemption Amount(s) specified in, or determined on the Optional Redemption Valuation Date in the manner specified in, the Issue Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Higher Redemption Amount, in each case as may be specified in the Issue Terms.

(e) ***Partial Redemption***

In the case of a partial redemption of Notes other than Book Entry Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot without involving any part only of a Bearer Note, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with General Condition 12 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with General Condition 12 at least five days prior to the Selection Date.

In case of partial redemption of Book Entry Notes the nominal amount of all outstanding Book Entry Notes will be reduced proportionally.

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

If "**Noteholder Put Option**" is specified as being applicable in the Issue Terms, upon the holder of any Note giving to the Issuer in accordance with General Condition 12 not less than the minimum period nor more than the maximum period of notice specified in the Issue Terms) (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem in whole but not in part, subject to and in accordance with the terms specified in the Issue Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined on the Optional Redemption Valuation Date specified in the Issue Terms, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of the Notes its holder must, if the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg and/or Interbolsa, deliver at the specified office of any Paying Agent at any time during normal



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business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this General Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed. If a Note is in definitive bearer form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If a Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg and/or held in Interbolsa, to exercise the right to require redemption of the Note the holder of the Note must, within the notice period, give notice to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg and/or Interbolsa (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg and/or Interbolsa or any common depositary for Euroclear and Clearstream, Luxembourg to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg and/or Interbolsa from time to time, and, if a Note is a Bearer Note represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Principal Paying Agent for notation accordingly. No deposit of Notes will be required in respect of Book Entry Notes.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, and/or Clearstream Luxembourg and/or Interbolsa given by a holder of any Note pursuant to this General Condition 5(f) shall be irrevocable except where prior to the due date of redemption an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this General Condition 5(f) and instead to declare such Note forthwith due and payable pursuant to General Condition 8.

(g) ***Early Redemption***

For the purposes of paragraph (c), General Condition 8 and any circumstances where the Notes are to be redeemed prior to their Maturity Date at their Early Redemption Amount (as defined below), each Note will be redeemed at an amount (the "**Early Redemption Amount**") calculated as follows, unless specified otherwise in the Issue Terms, and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date:

- (i) in the case of any Note, other than a Zero Coupon Note to which paragraph (ii) below applies, at an amount determined by the Calculation Agent on the second Business Day immediately preceding the due date for the early redemption of the Notes, representing such Note's *pro rata* share of (a) the fair market value of such Notes taking into account all factors which the Calculation Agent determines relevant (including, if applicable, any interest provision of the Note and the event which resulted in such redemption) less (b) all costs incurred by the Issuer or any of its Affiliates in connection with such early redemption, including, without limitation, any costs associated with unwinding any underlying related hedging arrangements, and all other expenses related thereto, as determined by the Calculation Agent in good faith and in a commercially reasonable manner; or
- (ii) in the case of a Zero Coupon Note the Early Redemption Amount of which is not linked to an index, a formula or other Reference Item at an amount (the "**Amortised Face Amount**") equal to the sum of:
  - (i) the Reference Price specified in the Issue Terms; and
  - (ii) the product of the Accrual Yield specified in the Issue Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption

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or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month.

For the purposes of (i)(a) above where the relevant Notes provide for any minimum amount(s) of cash or assets to be payable or deliverable this shall be taken into account in determining the fair market value. However, the Calculation Agent shall reduce (i.e. discount) the value of such amounts in determining the fair market value to take into account the length of time remaining to the first possible date on which such amount(s) would otherwise have been payable or deliverable. Such discounting may be determined by reference to such information as the Calculation Agent may select which may include risk free rate(s).

The Calculation Agent shall also take into account appropriate values for any other amount which would or could otherwise have been payable or deliverable under the relevant Notes. This may include the element of the return on the Notes determined by reference to the relevant assets or reference basis(es) to which the Notes relate (i.e. a derivative element). The relevant value for this element of the Notes may be determined by reference to the cost at the relevant time of entering into a transaction to provide similar amounts.

(h) ***Purchases***

The Issuer or any of its subsidiaries may at any time purchase Notes (**provided that**, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Notes purchased as aforesaid may, at the option of the Issuer or its subsidiaries, as the case may be, be held, reissued, resold, cancelled or alternatively surrendered to any Paying Agent for cancellation.

(i) ***Cancellation***

All Notes which are redeemed will forthwith be cancelled (together, in the case of Definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption, in the case of Book Entry Notes in accordance with the applicable regulations of Interbolsa). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (h) above (together, in the case of Definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, save in the case of Book Entry Notes, and shall not be capable of being reissued or resold.

(j) ***Instalments***

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the Issue Terms. In the case of Notes in definitive form, all instalments (other than the final instalment) will be paid by surrender of, in the case of a Definitive Bearer Note, the relevant Receipt (which must be presented with the Note to which it appertains) as more fully described in General Condition 4. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(k) ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (b), (d) or (f) above or upon its becoming due and payable as provided in General Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as

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provided in paragraph (g)(ii) of this General Condition 5 above as though the references therein to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (ii) the fifth day after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Portuguese Paying Agent, as applicable, and notice to that effect has been given to the Noteholders in accordance with General Condition 12.

(l) ***Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this General Condition 5.

(m) ***Redemption for an Administrator/Benchmark Event***

In the event that an Administrator/Benchmark Event occurs, the Issuer may (at its option):

- (i) instruct the Calculation Agent to make such adjustment(s) to the conditions of the Notes as it may determine appropriate to account for the relevant event or circumstance and, without limitation, such adjustments may (a) consist of one or more amendments and/or be made on one or more dates; (b) be determined by reference to any adjustment(s) in respect of the relevant event or circumstance made in relation to any hedging arrangements in respect of the Notes and (c) include selecting a successor benchmark(s) and making related adjustments to the conditions of the Notes, including where applicable to reflect any increase costs of the Issuer providing such 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
- (ii) having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with General Condition 12 (which notice shall be irrevocable), on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount referred to in paragraph (g) above and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date.

For the purposes of this Condition 5(m):

**"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 or a Suspension/Withdrawal Event.

**"Benchmark"** means any figure or rate by reference to which any amount payable under the Notes, or the value of the Notes, is determined by reference to such figure or rate, 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:

- (iii) any material change in such Benchmark; or
- (iv) the permanent or indefinite cancellation or cessation in the provision of such Benchmark.

**"BMR"** means the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time.

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**"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 Notes, 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 Notes.

**"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 Notes, 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 Notes.

**"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 Notes; 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 Notes.

### 6. **Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of, a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; and/or
- (ii) presented for payment by or on behalf of, a holder who is able to avoid such withholding or deduction by making a declaration of non-residence or other claim for exemption to the relevant tax authority; and/or

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- (iii) presented for payment by or on behalf of, a holder in respect of whom the information and documentation (which may include certificates) required in order to comply with the special regime approved by Decree-Law No. 193/2005, of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; and/or
- (iv) presented for payment by or on behalf of, a holder (A) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent or the Portuguese Paying Agent, as applicable, directly from the Noteholders before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (B) who is resident in one of the contracting states; and/or
- (v) presented for payment by or on behalf of, a Noteholder or Couponholder resident in a tax haven jurisdiction as defined in Ministerial Order No. 150/2004, of 13 February 2004 (except for jurisdictions with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force), as amended from time to time, with the exception of central banks and governmental agencies of those blacklisted jurisdictions; and/or
- (vi) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(a)(v)); and/or
- (vii) where such withholding or deduction is required to be made pursuant to (A) Sections 1471 through 1474 of the Code or any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto or (B) Section 871(m) of the Code; and/or
- (viii) presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.

In these General Conditions:

- (i) "**Tax Jurisdiction**" means Portugal or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the issuer becomes subject in respect of payments made by the Issuer of principal and interest on the Notes; and
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Portuguese Paying Agent, as applicable, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with General Condition 12.

### 7. **Redenomination**

#### (a) **Redenomination**

Where redenomination is specified in the Issue Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent or the Portuguese Paying Agent, as applicable, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with General Condition 12, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the

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nominal amount of that Note or Receipt in the Specified Notes Currency, converted into euro at the Established Rate, **provided that**, if the Issuer determines, with the agreement of the Principal Paying Agent or the Portuguese Paying Agent, as applicable, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant Noteholder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations agreed at the time by the Issuer and the Principal Paying Agent or the Portuguese Paying Agent, as applicable;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Notes Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (**provided that** such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Notes Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Notes Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a Fixed Interest Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Notes Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (vii) if the Notes are Floating Rate Notes, the Issue Terms will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to these General Conditions as the Issuer may decide, after consultation with the Principal Paying Agent or the Portuguese Paying Agent, as applicable, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

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### (b) *Definitions*

In these General Conditions, the following expressions have the following meanings:

**"Established Rate"** means the rate for the conversion of the Specified Notes Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**"Redenomination Date"** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Notes Currency first participates in the third stage of European economic and monetary union; and

**"Treaty"** means the Treaty establishing the European Community, as amended by the Treaty on European Union as amended by the Treaty of Amsterdam.

### 8. **Events of Default**

If any one or more of the following events (each an **"Event of Default"**) shall occur:

- (i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or
- (ii) the Issuer fails to perform or observe any of its other obligations in respect of the Notes or (in the case of Book Entry Notes) the Instrument and ((in the case of Notes other than Book Entry Notes) except where such default is not capable of remedy where no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or (in the case of Notes other than Book Entry Notes) such longer period) after notice has been given to the Issuer requiring the same to be remedied; or
- (iii) the repayment of any indebtedness owing by the Issuer is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness **provided that** no such event referred to in this sub paragraph (iii) shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred shall exceed USD 25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to 1% of the Issuer's Shareholders' Funds (as defined below); or
- (iv) any order shall be made by any competent court or an effective resolution passed for the winding-up or dissolution of the Issuer (other than for the purpose of an amalgamation, merger or reconstruction previously approved by an Extraordinary Resolution of the Noteholders); or
- (v) the Issuer shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction previously approved by an Extraordinary Resolution of the Noteholders); or
- (vi) the Issuer shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or

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- (vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or in relation to the whole or a substantial part of its assets or a temporary manager of the Issuer is appointed by the Bank of Portugal or an encumbrancer shall take possession of the whole or a substantial part of the assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of the Issuer and in any of the foregoing cases it or he shall not be discharged within 60 days; or
- (viii) the Issuer sells, transfers, lends or otherwise disposes of the whole or a substantial part of its undertaking or assets (including shareholdings in its subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Issuer and its subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis,  
  
then,
  - (A) in respect of Notes other than Book Entry Notes, the holder of any note may give written notice to the Issuer at the specified office of the Principal Paying Agent that the Notes are, and they shall accordingly become, immediately due and repayable at their Early Redemption Amount (as described in Condition 5(f)) together with accrued interest; and
  - (B) in respect of Book Entry Notes, any Book Entry Noteholder may give notice to the Issuer and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book Entry Notes held by such Book Entry Noteholder(s) are, and they shall accordingly become, immediately due and repayable at their Early Redemption Amount (as described in Condition 5(f) together with accrued interest (as provided in the Instrument)).

As used above, "**Issuer's Shareholders' Funds**" means, at any relevant time, a sum equal to the aggregate of the Issuer's shareholders' equity as certified by the Directors of the Issuer by reference to the latest audited consolidated financial statements of the Issuer.

### 9. **Prescription**

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of 10 years from the due date thereof and claims for payment of interest (if any) in respect of the Notes shall be prescribed upon the expiry of five years, from the due date thereof. There shall not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this General Condition 9 or General Condition 4 above.

### 10. **Replacement of Notes, Receipts, Coupons and Talons**

If any Bearer Note (including any Global Note), Receipt, Coupon or Talon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence and indemnity, as the Issuer and the Principal Paying Agent may require. Mutilated or defaced Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued. Cancellation and replacement of Notes, Receipts, Coupons or Talons shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

### 11. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.



12. **Notices**

Subject as provided in the following paragraphs, all notices regarding the Bearer Notes will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all relevant newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg be substituted for such publication in a newspaper the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes, and in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority), so require, such notice will be published in a daily newspaper of general circulation in the place or places as required by that stock exchange or any other relevant authority by the Issuer. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder of a Bearer Note shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, may approve for this purpose.

The Issuer shall comply with Portuguese law in respect of notices relating to Book Entry Notes.

13. **Meetings of Noteholders, Modification and Waiver**

The Agency Terms (in the case of Bearer Notes) and the Instrument (in the case of Book Entry Notes) contain provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Notes, the Receipts, the Coupons or any provisions of the Agency Terms. A meeting convened pursuant to the provisions of the Agency Terms, may be convened by the Issuer or if required in writing by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding, shall be convened by the Issuer. A meeting convened pursuant to the provisions of the Instrument, may be convened by the Issuer or upon requisition by Book Entry Noteholders holding not less than one-tenth in nominal amount of the Book Entry Notes for the time being remaining outstanding. At a meeting of the holders of the Notes for the purpose of, amongst others, approving a modification or amendment to, or obtaining a waiver of any covenant or condition set forth in the Notes, the Receipts, the Coupons or the Agency Terms or the Instrument, persons entitled to vote a majority in aggregate nominal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting that is not a meeting convened upon the requisition of Noteholders, within 30 minutes of the time appointed for such meeting, the meeting may be adjourned for a period of not less than 14 days, in the absence of a quorum any meeting that is convened on the requisition of Noteholders shall be dissolved; the persons entitled to vote a majority in aggregate nominal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any Extraordinary Resolution to, amongst others, modify or amend any of the Notes, the Receipts, the Coupons or any provisions of the Agency Terms or the Instrument (other than those items specified in General Condition 13(i) and (ii)), or to waive compliance with, any of the terms and conditions of the Notes shall be effectively passed if passed by a majority consisting of at least 75% of the votes cast.

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The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification of the Notes, the Receipts, the Coupons or the Agency Terms which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Terms which is of a formal, minor or technical nature or to cure, correct or supplement any defective provision or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders, in accordance with General Condition 12 as soon as practicable thereafter.

### 14. **Agent and Paying Agent**

The names of the initial Agents and the other Initial Paying Agents their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any issue of Notes, the names of such Paying Agent(s) will be specified in the applicable Issue Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that**:

- (i) there will at all times be a Principal Paying Agent;
- (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any relevant authority, there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in such place as may be required by the rules and regulations of such other stock exchange or other relevant authority; and
- (iii) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in General Condition 4(a). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 or more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with General Condition 12, **provided that** no such variation, termination, appointment or changes shall take effect (except in the case of insolvency) within 7 days before any due date for the payment of any Note or any related Receipt or Coupon. Notice of all changes in the identities or specified offices of any Agent will be given promptly by the Issuer to Noteholders in accordance with General Condition 12.

Banco Comercial Português, S.A. will be the Paying Agent in Portugal in respect of Book Entry Notes.

In acting under the Agency Terms, the Agent will act solely as agents of each of the Issuer and do not assume any obligations or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Issuer to the Noteholders, Receiptholders and Couponholders, to repay Notes and pay interest thereon) funds received by the Principal Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders and/or Receiptholders or Couponholders until the expiration of the relevant period of prescription under General Condition 9. The Issuer will agree to perform and observe the obligations imposed upon it under the Agency Terms. The Agency Terms contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

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All calculations, determinations, decisions, selections, elections and opinions made by the Calculation Agent shall be made in its discretion in accordance with the Conditions of the Notes, having regard in each case to any criteria stipulated therein, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the other Agents and the Noteholders.

In exercising its discretion as described above, 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 hedging arrangements (as described below) entered into by the Issuer and/or any of its Affiliates and/or any other relevant party (each a "**Relevant Party**") in respect of the Notes. The exercise of the Calculation Agent's discretion in respect of the Notes as provided herein is necessary because certain circumstances or events (for example a material modification or disruption to a relevant asset(s) to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to the Relevant Party of maintaining the Notes or any relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source) it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of any relevant asset(s) to which the Notes are linked or otherwise in connection with the Notes to be made, thus making it necessary for the Calculation Agent to exercise its discretion in such a case.

### 15. **Substitution of the Issuer**

The Issuer (or any previous substitute under this Condition) may, without the consent of the Noteholders, be replaced and substituted by a wholly-owned Subsidiary of the Issuer (or of any previous substitute under this Condition) as the principal debtor in respect of the Notes, subject to the Notes being unconditionally and irrevocably guaranteed by Banco Comercial Português S.A. or by Banco Comercial Português S.A. acting through its Macao branch.

### 16. **Contracts (Rights of Third Parties) Act 1999**

The Notes shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### 17. **Recognition and acknowledgment of Portuguese Statutory Loss Absorption Powers**

Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 17 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents and agrees:

- (i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
  - (A) the reduction of all, or a portion, of the Amounts Due on a permanent basis;
  - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Noteholder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;
  - (C) the cancellation of the Notes or Amounts Due; or
  - (D) the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

## TERMS AND CONDITIONS OF THE NOTES

- (ii) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

In these Terms and Conditions:

**"Amounts Due"** means the principal amount, together with any accrued but unpaid interest, and any additional amounts referred to in Condition 6, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.

**"Bail-in Power"** means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Portugal, relating to (i) the transposition of the BRRD, (ii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or superseded from time to time) and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of certain entities as set out in such law, regulation, rules or requirements can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations.

**"BRRD"** means Directive 2014/59/EU of 15 May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented in Portugal, as amended or replaced from time to time and including any other relevant implementing regulatory provisions.

**"Relevant Resolution Authority"** means any authority lawfully entitled to exercise or participate in the exercise of any Bail-in Power from time to time.

### 18. **Governing Law and Submission to Jurisdiction**

#### (a) ***Governing Law***

The Agency Terms, the Deed of Covenant, the Instrument, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Terms, the Deed of Covenant, the Instrument, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law save that, with respect to Book Entry Notes only, the form ("*representação formal*") and the transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.

#### (b) ***Submission to Jurisdiction***

- (i) Subject to General Condition 18(b)(iii) of the "*Terms and Conditions of the Notes*" below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, 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 the Notes and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (ii) For the purposes of this General Condition 18, the Issuer and any Noteholders, Receiptholders or Couponholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (iii) This General Condition 18(b)(iii) is for the benefit of the Noteholders, Receiptholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) *Appointment of Process Agent*

The Issuer irrevocably appoints the London representative office of Banco Comercial Português, S.A. at 3<sup>rd</sup> Floor, 63 Queen Victoria Street, London EC4V 4UA (the "**Process Agent**") as its agent for service of process in any proceedings before the English courts in relation to any Dispute and undertakes that, in the event of the Process Agent ceasing to act, it will appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

**ANNEX 1**  
**ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS**

*If specified as applicable in the Issue Terms, the terms and conditions applicable to payouts shall comprise the General Conditions and the additional terms and conditions for payouts set out below (the "**Payout Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between (i) the General Conditions and/or any other Annex and (ii) the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or any other Annex and/or the Payout Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

1. **Structured Notes**

(a) **Use of Payout Conditions**

These Payout Conditions set out the methodology for determining various payouts and product features in respect of the Notes. The applicable text shown in Payout Conditions 2, 3, 4 and 5 below will be extracted, included and completed at the paragraph indicated in the Issue Terms on the basis that (i) applicable text (including, where appropriate, section headings and terms defined in Payout Condition 5 which are required to be completed) from the relevant Payout Condition will be set out at the paragraph indicated or required in the Issue Terms and (ii) inapplicable text (and any terms defined in Payout Condition 5 which are not required to be completed) need not be included.

(b) **Use of Terms**

Terms in these Payout Conditions or in the Issue Terms may be attributed a numerical or letter suffix value when included in the Issue Terms. Without limitation, the suffix can be denoted as "j", "k", "m", "q", "n", "t", "i", "A", "B", "C" or "1", "2", "3" etc. and the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t, i, "A", "B", "C" or 1, 2, 3 etc. as chosen at the time of an issue of Notes. Moreover suffixes may be placed in series as necessary, such as "A(1)", "B(1)", "C(1)" etc. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Issue Terms, the applicable suffixes may be included, completed and the relation between the term and the suffix will be explained and may be presented as a table, if necessary, in the Issue Terms. A term in Payout Condition 5 may be included in the applicable Issue Terms section more than once if there is more than one number represented by the term n, t or i. Conjunctions (e.g. or, and, but) and punctuation may also be included where appropriate. Suffixes may denote that a relevant term relates to an asset, item or date associated with that suffix.

The constituent parts of any formula(e) or term(s) used in these Payout Conditions and that are to be specified in the Issue Terms may be replaced in the Issue Terms by the prescribed amount, level, or percentage or other value or term (the "**Variable Data**"). If a Variable Data has a value of either 0 (zero) or 1 (one), or is not applicable in respect of the relevant formula(e), then the related formula(e) may be simplified, for the purpose of improving the reading and intelligibility in the formula(e) in the Issue Terms, by deleting such Variable Data.

(c) **Note Types**

The Issue Terms will specify the Interest Basis applicable in respect of a Note. Such Notes are, where the Interest Basis is: Index Linked Interest, an "**Index Linked Interest Note**"; Equity Linked Interest, an "**Equity Linked Interest Note**"; Inflation Linked Interest, an "**Inflation Linked Interest Note**"; Reference Item Rate Linked Interest, a "**Reference Item Rate Linked Interest Note**"; Fund Linked Interest, a "**Fund Linked Interest Note**"; Foreign Exchange (FX) Rate Linked Interest, a "**Foreign Exchange (FX) Rate Linked Interest Note**" or where a combination of any two or more Interest Bases, a "**Combination Interest Note**" (each, a "**Reference Item Linked Interest Note**").

The Issue Terms will specify the Redemption Basis applicable in respect of a Note. Such Notes are, where the Redemption Basis is: Index Linked Redemption; an "**Index Linked Redemption Note**"; Equity Linked Redemption, an "**Equity Linked Redemption Note**"; Inflation Linked Redemption, an "**Inflation Linked Redemption Note**"; Reference Item Rate Linked Redemption,

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

a "**Reference Item Rate Linked Redemption Note**"; Fund Linked Redemption, a "**Fund Linked Redemption Note**"; Credit Linked Redemption, a "**Credit Linked Redemption Note**" or "**Credit Linked Note**"; Foreign Exchange (FX) Rate Linked Redemption, a "**Foreign Exchange (FX) Rate Linked Redemption Note**" or where a combination of any two or more Redemption Bases, a "**Combination Redemption Note**" (each, a "**Reference Item Linked Redemption Note**").

### 2. Interest Rates Payout Formula(e) and Final Payout Formula(e) for Structured Notes

#### 2.1 Interest Rate Payout Formula(e)

*(For insertion and completion into Paragraph 17(ix) (Rate of Interest) in the Issue Terms. Note: where a Rate of Interest is a fixed or floating rate, paragraph 18 or 19 as applicable, in the Issue Terms should be completed.)*

(i) "**Rate of Interest (i)**"

Coupon value(i)

(ii) "**Rate of Interest (ii)**"

Rate(i)

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

Leverage(i) \* Rate(i) + Spread(i)

(iv) "**Rate of Interest (iv)**"

Leverage(i) \* ReferenceSpread(i) + Spread(i)

(v) "**Rate of Interest (v)**"

Previous Interest(i) + Spread(i)

(vi) "**Rate of Interest (vi)**"

Previous Interest(i) + Leverage(i) \* ReferenceItem rate(i) + Spread(i)

(vii) "**Rate of Interest (vii)**"

Leverage(i) \* (Coupon value(i) + Spread(i)) + Spread(i)

(viii) "**Rate of Interest (viii)**"

Constant Percentage(i)  
+ Max[Floor Percentage; Leverage  
\* (Coupon Value(i) – StrikePercentage)]

(ix) "**Rate of Interest (ix)**"

Constant Percentage(i)  
+ Min[Cap Percentage; Max[Floor Percentage; Leverage  
\* (Coupon Value(i))] – Strike Percentage]

(x) "**Rate of Interest" (x) – "Range Accrual"**

*(insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied)*

Leverage(i) \* Rate(i) + Spread(i) \*  $\frac{n}{N}$

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*(insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied but subtracting the number of days on which the Range Accrual Condition is not satisfied)*

(xi) **"Rate of Interest (xi)" – "Digital One Barrier":**

(A) If the Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

*[Constant Percentage[1]] [select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (A) may be different from the Interest Rate Payout Formula for paragraph (B)];*  
or

(B) Otherwise:

*[zero][Constant Percentage [2]] [select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)].*

(xii) **"Rate of Interest (xii)" – "Strike Podium n Barriers":**

(A) If Coupon Barrier Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

*[Constant Percentage 1][select and insert the Interest Rate Payout formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)], or*

(B) If Coupon Barrier Condition [2] is satisfied in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period] and Coupon Barrier Condition [1] is not satisfied in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period][and was not satisfied in any previous Interest Period]:

*[Constant Percentage 2] [select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)];*  
or

(C) Otherwise:

*[zero] [Constant Percentage 3] [select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive) for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (C) may be different from the Interest Rate Payout Formulae for paragraphs (A) and (B) respectively].*

*(The above provisions of paragraph (B) may be duplicated in case more than two Coupon Conditions apply)*

(xiii) **"Rate of Interest (xiii)" – "Ramses"**

(A) If Barrier Count Condition is satisfied in respect of a ST Coupon Valuation Date:  
Rate(i) + SumRate(i);



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(B) Otherwise, zero.

(xiv) **"Rate of Interest (xiv)" – "Mozart"**

Rate(i) \* n

(xv) **"Rate of Interest (xv)" – "Mozart Variable"**

Rate(n)

(xvi) **"Rate of Interest (xvi)" – "Call with Individual Caps"**

$$\text{Max} \left[ \text{Min Coupon}(i); \sum_{k=1}^K (\text{RI Weighting}(k) * \text{Max}[\text{Floor Percentage}(i); \text{Min}[\text{Cap Percentage}(i); \text{Coupon Value}(i, k)]] - \text{Strike Percentage}(i)) \right] + \text{Constant Percentage}(i)$$

(xvii) **"Rate of Interest (xvii)" – "Cappuccino"**

$$\text{Max} \left[ \text{Min Coupon}(i); \sum_{k=1}^K (\text{RI Weighting}(k) * \text{Max}[\text{Floor Percentage}(i); \text{Cappuccino Barrier Value}(i, k)]) - \text{Strike Percentage}(i) \right] + \text{Constant Percentage}(i)$$

(xviii) **"Rate of Interest (xviii)" – "Best Replace"**

*(Insert the following if local floor is applicable)*

$$\text{Max} \left[ \text{Min Coupon}(i); \sum_{k=1}^K (\text{RI Weighting}(k) * \text{Max}[\text{Floor Percentage}(i); \text{Modified Value}(i, k)]) - \text{Strike Percentage}(i) \right]$$

*(Insert the following if local floor is not applicable)*

$$\text{Max} \left[ \text{Min Coupon}(i); \sum_{k=1}^K (\text{RI Weighting}(k) * (\text{Modified Value}(i, k) - \text{Strike Percentage}(i))) \right]$$

(xix) **"Rate of Interest (xix)" – "Cliquet"**

$$\text{Max} \left[ \sum_{i=1}^T (\text{Max} [\text{Floor Percentage}(i); \text{Min}[\text{Cap percentage}(i); \text{Coupon Value}(i)]] - \text{StrikePercentage, Floor Percentage}) \right]$$

(xx) **"Rate of Interest (xx)" – "Cliquet Digital"**

(A) If Cliquet Digital Performance is greater than Constant Percentage 1:

Cliquet Digital Performance; or

(B) If Cliquet Digital Performance is greater than or equal to Constant Percentage 2 and is less than or equal to Constant Percentage 1:

Constant Percentage 1; or

(C) If Cliquet Digital Performance is less than Constant Percentage 2:

Constant Percentage 2.

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(xxi) **"Rate of Interest (xxi)" – "Cliquet Digital Lock-in"**

$$\text{Max} \left[ \text{Floor Lockin}; \sum_{i=1}^T \left( \text{Max} [\text{Floor Percentage}(i); \text{Min}[\text{Cap percentage}(i); \text{Coupon Value}(i)]] - \text{StrikePercentage, Floor Percentage} \right) \right]$$

(xxii) **"Rate of Interest (xxii)" – "Digital Coupon One Condition"**

- (A) If Digital Coupon Condition is satisfied in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]:

Rate A(i); or

- (B) Otherwise:

Rate B(i).

(xxiii) **"Rate of Interest (xxiii)" – "Digital Coupon Two Conditions"**

- (A) If Digital Coupon Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]:

Rate A(i); or

- (B) If Digital Coupon Condition 1 is not satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period], but Digital Coupon Condition 2 is satisfied in respect of such [ST Coupon Valuation Date][ST Coupon Valuation Period]:

Rate B(i); or

- (C) Otherwise:

Rate C(i).

(xxiv) **"Rate of Interest (xxiv)" – "TARN"**

- (A) In respect of each Interest Period other than the Target Final Interest Period:

*[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)]; and*

- (B) In respect of the Target Final Interest Period and **provided that** an Automatic Early Redemption Event has not occurred:

Final Interest Rate.

(xxv) **"Rate of Interest (xxv)" – "Ratchet"**

$$\text{Min}[\text{Cap Percentage}; \text{Max} [\text{Previous Interest}(i); \text{Rate}(i)]]$$

(xxvi) **"Rate of Interest (xxvi)" – "Multiplier"**

*(insert the following if a cap is applicable)*

$$\begin{aligned} & \text{Constant Percentage} \\ & + \text{Min} [\text{Cap Percentage}; \text{Max}[\text{Floor Percentage}, \text{Multiplier Number} \\ & * \text{Constant Percentage 2} \end{aligned}$$

*(insert the following if a cap is not applicable)*

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Constant Percentage + Max [Floor Percentage, Multiplier Number\*Constant Percentage 2]

(xxvii) **"Rate of Interest (xxvii)" – "Count Barrier Condition"**

- (A) If, in respect of [a] ST Coupon Valuation Date, the Barrier Count Condition has been satisfied [specify][or more][or less] times:

[Constant Percentage [1] *[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)]; (for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (A) may be different from the Interest Rate Payout Formula for paragraph (B));* or

- (B) Otherwise:

[zero][Constant Percentage [2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)]; (for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)]*

(xxviii) **"Rate of Interest (xxviii)" – "Podium"**

SumRate(n)

(xxix) **"Rate of Interest (xxix)" – "Compensation"**

- (A) If, in respect of the [ST Coupon Valuation Date][ST Coupon Valuation Period] falling on i=[specify [and i=[specify]], the Calculation Agent determines that the sum of the Rate of Interest (*specify name of the applicable Rate of Interest*) above for such [ST Coupon Valuation Date][ST Coupon Valuation Period] [and the [specify] preceding [ST Coupon Valuation Dates][ST Coupon Valuation Periods]] is [zero][specify percentage] then for each such [ST Coupon Valuation Date][ST Coupon Valuation Period] the Rate of Interest shall be:

[Constant Percentage [1] *[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)]; (for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (A) may be different from the Interest Rate Payout Formula for paragraph (B));* or

- (B) Otherwise, for each such [ST Coupon Valuation Date][ST Coupon Valuation Period] the Rate of Interest shall be:

[zero][Constant Percentage [2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive)]; (for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)]*

(xxx) **"Rate of Interest (xxx)" – "Dual Currency Digital Coupon"**

- (A) If the Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

[Constant Percentage[1]] *[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (A) may be different from the Interest Rate Payout Formula for paragraph (B)];* or

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(B) Otherwise:

[zero][Constant Percentage [2]] *[select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)] [and the Settlement Exchange Rate Provisions shall apply with respect to the payment of the corresponding Interest Amount].*

(xxxii) **"Rate of Interest (xxxii)" – "Lock-in Coupon Barrier":**

(A) If the Coupon Barrier Condition is satisfied in respect of the relevant [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period] and the Lock-in Coupon Barrier Condition has not been satisfied in respect of the relevant [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period]:

[Constant Percentage [1]] *[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (A) may be different from the Interest Rate Payout Formula for paragraph (B) or (C)]; or*

(B) If the Coupon Barrier Condition is not satisfied in respect of the relevant [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period] and the Lock-in Coupon Barrier Condition has not been satisfied in respect of the relevant [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period]:

[zero][Constant Percentage [2]] *[select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A) or (C)]; or*

(C) If the Lock-in Coupon Barrier Condition is satisfied in respect of the relevant [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period]:

[Constant Percentage [3]] *[select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x)" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (C) may be different from the Interest Rate Payout Formula for paragraph (A) or (B)].*

2.2 **Final Payouts Formula(e)**

For insertion and completion into Paragraph **30 (Final Payout)** in the Issue Terms

(i) **"Redemption (i)"**

FR Value

(ii) **"Redemption (ii)" – "Call"**

*(Insert the following if no cap or floor is applicable)*

Constant Percentage + (Leverage \* (FR Value - Strike Percentage)) \* RIFX Rate

*(Insert the following if a floor is applicable)*

Constant Percentage + Leverage \* Max Call Floor Percentage; Additional Leverage \* FR Value – Strike Percentage \* RI FX Rate

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*(Insert the following if a cap is applicable)*

Constant Percentage

+ (Leverage  
\* Min[Call Cap Percentage; Additional Leverage \* (FR Value – Strike Percentage)])  
\* RI FX Rate

*(Insert the following if a cap and a floor are applicable)*

Constant Percentage

+ (Leverage  
\* Min[Call Cap Percentage; Max [Call Floor Percentage; Call Leverage  
\* (FR Value – Strike Percentage) + Call Spread Percentage]]) \* RI FX Rate

(iii) **"Redemption (iii)" – "Put"**

*(Insert the following if no cap or floor is applicable)*

Constant Percentage + (Leverage \* (Strike Percentage – FR Value)) \* RI FX Rate

*(Insert the following if a floor is applicable)*

Constant Percentage

+ (Leverage  
\* Max [Put Floor Percentage; Additional Leverage  
\* (Strike Percentage – FR Value) ]) \* RI FX Rate

*(Insert the following if a cap is applicable)*

Constant Percentage

+ (Leverage  
\* Min [Put Cap Percentage; Additional Leverage  
\* (Strike Percentage – FR Value) ]) \* RI FX Rate

*(Insert the following if a cap and a floor are applicable)*

Constant Percentage

+ (Leverage  
\* Min[Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage  
– Put Leverage \* (Strike Percentage – FR Value)]) \* RI FX Rate

(iv) **"Redemption (iv)"**

Call Constant Percentage

+ (Leverage  
\* (Min[Call Cap Percentage; Max [Call Floor Percentage; Call Leverage \* FR Value  
+ Call Strike Percentage]])) \* RI FX Rate  
+ (Additional Leverage  
\* (Min[Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage  
– Put Leverage \* FR Value]])) \* RI FX Rate

(v) **"Redemption (v)" – "Multiplier"**

Constant Percentage 1

+ (Constant Percentage 2 + Multiplier Number  
\* Constant Percentage 3) \* FR Value

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(vi) **"Redemption (vi)" – "Digital":**

- (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

- (B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(vii) **"Redemption (vii)" – "Digital with Knock-in"**

- (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

- (B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*](*for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*)[no Final Redemption Amount will be payable and Physical Delivery will apply].

(viii) **"Redemption (viii)" – "Strike Podium n Conditions":**

- (A) If the Final Redemption Condition [1] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

- (B) If the Final Redemption Condition [2] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and Final Redemption Condition [1] is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and no Knock-in Event has occurred]:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

- (C) Otherwise:

[Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply].

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*(The above provisions of (B) may be duplicated in case more than two Final Redemption Conditions apply)*

(ix) **"Redemption (ix)" – "Versus Standard"**

(A) If no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*] [no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If a Knock-in Event has occurred:

[Min [Constant Percentage 2; FR Value]][Constant Percentage 2][no Final Redemption Amount will be payable and Physical Delivery will apply].

(x) **"Redemption (x)" – "Versus"**

(A) If no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If a Knock-in Event has occurred:

Max Contant Percentage 2 + Leverage \* Option; 0 Contant Percentage 2

(xi) **"Redemption (xi)" – "Knock-in Standard"**

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[100% + FR Additional Rate][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[100% + Coupon Airbag Percentage][*select and insert the Final Payout Formula from any one of "Redemption (i) to "Redemption (v) – Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Min [Constant Percentage; FR Value]][Constant Percentage 2] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) - Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply].

**ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS**

(xii) **"Redemption (xii)" – "Twin Win"**

*(Insert the following if a cap is not applicable)*

(A) If a Knock-out Event has occurred:

[Contant Percentage 1 + (Max[Floor Percentage; Lever Down \* FR Value]) \* RIFX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If no Knock-out Event has occurred:

[Contant Percentage 2 + (Level Up 1 \* Max[Strike Percentage – FR Value; Floor Percentage 1]) \* RIFX Rate + (Level Up 2 \* Max[FR Value – Strike Percentage 1; Floor Percentage 2]) \* RIFX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply]

*(Insert the following if a cap is applicable)*

(A) If a Knock-out Event has occurred:

[Contant Percentage + (Max[Floor Percentage; Lever Down \* FR Value]) \* RIFX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If no Knock-out Event has occurred:

[Contant Percentage 2 + (Level Up 1 \* Max[Strike Percentage – FR Value; Floor Percentage 1]) \* RI FX Rate + (Level Up 2 \* Min[Cap Percentage; Max[FR Value – Strike Percentage 1; Floor Percentage 2]]) \* RI FX Rate][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xiii) **"Redemption (xiii)" – "Himalaya"**

$$\begin{aligned} & \text{Constant Percentage 1 + Leverage} \\ & * \text{Max} \left[ \frac{1}{\text{ToatalM}} \right. \\ & * \sum_{i=1}^M \text{Max}[\text{Best Lock Vaue}(i) \\ & \left. - \text{Strike Percentage}(i); \text{Local Floor Percentage}(i); 0 \right] \end{aligned}$$

(xiv) **"Redemption (xiv)" – "Booster"**

(A) If the Final Redemption Condition is satisfied in respect of a ST Redemption Valuation Date[in the][ST Redemption Valuation Period]:

Constant Percentage 1 + Max[0%; Booster Percentage \* (FR Value – Strike Percentage)]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the][ST Redemption Valuation Period] and no Knock-in Event has occurred:

Constant Percentage 2; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the] [ST Redemption Valuation Period] and a Knock-in Event has occurred:

Min [Constant Percentage 3; FR Value] [no Final Redemption Amount will be payable and Physical Delivery will apply]



ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(xv) **"Redemption (xv)" – "Bonus"**

(A) If no Knock-in Event has occurred:

Constant Percentage 1 + Max[Bonus Percentage; Leverage(FR Value – Strike Percentage)]; or

(B) Otherwise:

[FR Value][no Final Redemption Amount will be payable and Physical Delivery will apply]

(xvi) **"Redemption (xvi)" – "Dual Currency Digital"**

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and no Knock-in Event has occurred]:

[Constant Percentage 1][select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive)]; or

(B) Otherwise:

[Constant Percentage 2][select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)] [and the Settlement Exchange Rate Provisions shall apply with respect to the payment of the Final Redemption Amount][.][which, for the avoidance of doubt shall be an amount equal to [specify currency and amount] per Calculation Amount]].

(xvii) **"Redemption (xvii)" – "Lock-in"**

(A) If the Lock-in Redemption Condition is satisfied in respect of [a][the] [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage [1]][select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (A) may be different from the Final Payout Formula for paragraph (B) or (C)]; or

(B) If the Lock-in Redemption Condition has not been satisfied in respect of [a][the] [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Constant Percentage [2]][select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A) or (C)]; or

(C) If a Knock-in Event has not occurred [and the Lock-in Redemption Condition has not been satisfied in respect of [a][the] [ST Redemption Valuation Date][ST Redemption Valuation Period]]:

[Max [Floor Percentage; FR Value]][select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (v) – Multiplier" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for paragraph (A) or (B)].

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

### 3. Automatic Early Redemption Amounts

If Automatic Early Redemption is specified as applicable in the Issue Terms and an Automatic Early Redemption Event occurs, then:

For insertion into Paragraph **31(iii)** (*Automatic Early Redemption Payout*):

(i) If ST Automatic Early Redemption is specified in the Issue Terms, then any of the two following formula shall be inserted and completed in Automatic Early Redemption Amount:

(A) Calculation Amount \* (AER Percentage + AER Additional Rate)

(B)

(i) If no Knock-in Event has occurred:

[Constant Percentage 1]; or

(ii) If a Knock-in Event has occurred:

[Min [Constant Percentage 2; Leverage \* FR Value]

(ii) If Target Automatic Early Redemption is specified in the Issue Terms, the following formula shall be inserted and completed in the Automatic Early Redemption Amount:

Calculation Amount \* (100% + Final Interest Rate);

### 4. Entitlement Amounts for Physical Delivery

For insertion into item **43(i)** of the Issue Terms (*Provisions applicable to Physical Delivery – Entitlement Amount*):

Calculation Amount / (Constant Percentage \* Performing RI Strike Price \* FX)

The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the "**Equity Element**") and in lieu thereof the Issuer will pay a residual amount (the "**Residual Amount**") equal to:

(Entitlement Amount – Equity Element) \* Physical Delivery Price \* FX

### 5. Definitions

#### 5.1 General Definitions

"**Additional Leverage**" means [*specify percentage*].

"**AER Additional Rate**" means, in respect of a [ST AER Valuation Date] or [ST AER Valuation Period], [the AER Rate][AER Rate DCF][AER Rate MT][AER Value].

"**AER Rate**" means [*specify rate*].

"**AER Rate DCF**" means a percentage calculated as the product of the AER Rate and the applicable Day Count Fraction.

"**AER Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates][Automatic Early Redemption Valuation Dates] from the Issue Date to [and including][but excluding] the [Interest Period in which the relevant Automatic Early Redemption Valuation Date falls][the date of the relevant Automatic Early Redemption Valuation Date].

"**AER Percentage**" means [*specify percentage*].

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**AER Reference Item Rate**" means [*specify floating rate*].

"**AER Value**" means in respect of a [ST Valuation Date][ST Valuation Period]and in respect of [each][of] Reference Item (k=[*specify*] to (k=[*specify*])) [*specify value from Payout Condition 5.2*].

"**Barrier Percentage Strike Price**" means [*specify percentage*].

"**Basket**" means: (a) if the relevant Reference Items are Indices, the Basket of Indices (as defined in the Index Linked Conditions) as specified in the Issue Terms; (b) if the relevant Reference Items are Shares, the Basket of Shares (as defined in the Equity Linked Conditions) as specified in the Issue Terms; (c) if the relevant Reference Item are Inflation Indices, a basket composed of each Inflation Index specified in the Issue Terms (d) if the relevant Reference Item are Fund Shares, the Fund Basket (as defined in the Fund Linked Conditions) as specified in the Issue Terms; (e) if the relevant Reference Item are Subject Currencies, a basket composed of each Subject Currency specified in the Issue Terms; and (f) in the case of Reference Items which are Shares, ETFs and/or Indices, where applicable, a basket of Shares, ETFs and/or Indices, as specified in the applicable Issue Terms, in each case subject to Weightings.

"**Best Lock Value(i)**" means, in respect of a [ST Valuation Date] [or ST Valuation Period], the highest RI Value on such [ST Valuation Date] [ST Valuation Period] of the Reference Item(s) in Himalaya Basket(i).

"**Best Replace Percentage**" means [*specify percentage*].

"**Bonus Percentage**" means [*specify percentage*].

"**Booster Percentage**" means [*specify percentage*].

"**Call Cap Percentage**" means [*specify percentage*].

"**Call Constant Percentage**" means [*specify percentage*].

"**Call Floor Percentage**" means [*specify percentage*].

"**Call Leverage**" means [*specify percentage*].

"**Call Rate**" means:

$$\begin{aligned} & \text{Constant Percentage(i) + Leverage(i)} \\ & \quad * \text{Max[Coupon Value(i) – Strike Percentage(i)} \\ & \quad \quad + \text{Spread(i); Floor Percentage(i)]} \end{aligned}$$

"**Call Spread Rate**" means:

$$\begin{aligned} & \text{Constant Percentage(i) + Leverage(i)} \\ & \quad * \text{Min[Max[Coupon Value(i) – Strike Percentage(i)} \\ & \quad \quad + \text{Spread(i); Floor Percentage(i)]; Cap Percentage(i)]} \end{aligned}$$

"**Call Spread Percentage**" means [*specify percentage*].

"**Call Strike Percentage**" means [*specify percentage*].

"**Cap Percentage[1][2]**" means [*specify percentage*].

"**Cappuccino Barrier Value**" means in respect of a Reference Item:

- (a) if in respect of a ST Valuation Date the Cappuccino Barrier Condition is satisfied, Cap Percentage(i);
- (b) otherwise, Coupon Barrier Value(i,k).

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Cliquet Digital Performance**" means, in respect of a [ST Valuation Date][ST Valuation Period]:

$$\sum_{i=1}^t \text{Max}[Floor Percentage(i); \text{Min}[Cap Percentage(i); Coupon Value(i)]]$$

"**Constant Percentage**[1][2][3][4]" means [specify percentage].

"**Coupon Airbag Percentage**" means [specify percentage].

"**Coupon Barrier**[1][2][3][4]" means [specify amount or percentage or number].

"**Coupon Barrier Value**" means, in respect of a [Observation Date][ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period], [and in respect of [each][of] Reference Item (k=[specify]) to (k=[specify])], [specify defined term from Payout Condition 5.2]. (repeat as necessary)

"**Coupon Lock in**" means:

$$\text{Max}_{t=1}^T \left[ \sum_{i=1}^t \text{Max}[Floor Percentage(i); \text{Min}[Cap Percentage(i); Coupon Value(i)]] \right]$$

"**Coupon Value**" means, in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period] [and in respect of [each][of] Reference Item (k=[specify]) to (k=[specify])], [specify defined term from Payout Condition 5.2] [the Interest Amount payable in respect of each Note shall be an amount equal to [specify] and Condition 3(b)(ii) and 3(b)(v) shall be interpreted accordingly].

"**Current Interest Period**" means, in respect of an Automatic Early Redemption Valuation Date, the Interest Period during which such Automatic Early Redemption Valuation Date falls.

"**EDS**" means Max [Floor Percentage; Min [Constant Percentage 3 – nEDS × Loss Percentage; 0]].

"**EDS Barrier Percentage**" means [specify percentage].

"**Entitlement Value**" means [the Reference Item][the Worst Value][the Best Value].

"**Final Coupon Rate**" means the Rate of Interest calculated in respect of the [Current Interest Period][Target Final Interest Period] (the "**Final Interest Period**")

"**Final Day Count Fraction**" means the Day Count Fraction applicable to the Final Interest Period.

"**Final Interest Rate**" means (insert one of the following)[specify][zero]

(If capped and guaranteed:) [the AER Percentage][Target Coupon Percentage] less Paid Coupon Percentage.]

(If not capped or guaranteed:) [the Final Coupon Rate multiplied by the Final Day Count Fraction.]

(If capped only:) [Min [Final Coupon Rate \* Final Day Count Fraction; AER Percentage or Target Coupon Percentage, as applicable, less Paid Coupon Percentage].]

(If guaranteed only:) [Max [Final Coupon Rate \* Final Day Count Fraction; AER Percentage or Target Coupon Percentage, as applicable, less Paid Coupon Percentage].]

"**Final Redemption Condition Level** [1][2][3][4]" means [specify amount or percentage or number].

"**Final Redemption Value**" means, in respect of a [ST Valuation Date][ST Valuation Period] [and in respect of [each][of] Reference Item (k=[specify]) to (k=[specify])] [specify defined term from Payout Condition 5.2].

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Floor Lock in**" means Constant Percentage [1] multiplied by the integer number resulting from the quotient of the Coupon Lock in and Constant Percentage [1].

"**Floor Percentage [1][2]**" means [specify percentage].

"**Forward**" means FR Value – Strike Percentage.

"**FR Additional Rate**" means [FR Rate][FR MT up Rate][FR Rate DCF][FR Rate MT].

"**FR Cap Percentage**" means [specify percentage].

"**FR Condition Level**" means [specify percentage, amount or number].

"**FR Constant Percentage**" means [specify percentage].

"**FR Floor Percentage**" means [specify percentage].

"**FR Leverage**" means [specify percentage].

"**FR MT up Rate**" means:

- (a) (insert if cap is applicable) [Min [Max [FR Floor Percentage; FR Leverage \* (FR Value - FR Strike Percentage) + FR Spread]; FR Cap Percentage] + FR Constant Percentage].
- (b) (insert if cap is not applicable) [Max [FR Floor Percentage; FR Leverage \* (FR Value - FR Strike Percentage) + FR Spread + FR Constant Percentage].]

"**FR Rate**" means [specify rate].

"**FR Rate DCF**" means a percentage calculated as the product of the FR Rate and the applicable Day Count Fraction.

"**FR Rate MT**" means the product of (a) [specify rate] and (b) the number of [Interest Periods][ST Valuation Dates] from and including the Issue Date to [and including][but excluding] the [Interest Period in which the relevant ST Valuation Date falls][date of the relevant ST Valuation Date].

"**FR Spread**" means [specify percentage].

"**FR Strike Percentage**" means [specify percentage].

"**FR Value**" means, in respect of a [ST FR Valuation Date] [ST FR Valuation Period][and in respect of [each][of] Reference Item (k=[specify]) to (k=[specify])], [specify defined term from Payout Condition 5.2].

"**FX**" is the relevant RI FX Level(i) on the relevant Valuation Date or if that is not a Business Day the immediately succeeding Business Day.

"**Himalaya Basket(i)**" means, in respect of a ST Valuation Date(i), a Basket comprising each Reference Item in Himalaya Basket(i-1) but excluding the Reference Item in relation to Best Lock Value(i-1).

"**K**" means [specify number], being the total number of Reference Items in the Basket.

"**Knock-in Value**" in respect of a [ST Valuation Date] [ST Valuation Period] [and in respect of [each][of] Reference Item (k=[specify]) to (k=[specify])], [specify defined term from Payout Condition 5.2].

"**Knock-out Value**" in respect of a [ST Valuation Date] [ST Valuation Period] [and in respect of [each][of] Reference Item (k=[specify]) to (k=[specify])], [specify defined term from Payout Condition 5.2].

"**Lever Down**" means [specify percentage].

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Leverage**" means *[specify percentage]*.

"**Lever Up [1][2]**" means *[specify percentage]*.

"**Local Floor Percentage**" means *[specify percentage]*.

"**Lock-in Coupon Level**" means *[specify level, amount, number or percentage]*.

"**Lock-in Coupon Value**" means, in respect of a [ST Coupon Valuation Date][Coupon Valuation Date][ST Coupon Valuation Period][and in respect of [each][of] Reference Item (k[=*specify*])] to (k[=*specify*)]), *[specify defined term from Payout Condition 5.2]*.

"**Lock-in Redemption Level**" means *[specify level, amount, number or percentage]*.

"**Lock-in Redemption Value**" means, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and in respect of [each][of] Reference Item (k[=*specify*])] to (k[=*specify*)]), *[specify defined term from Payout Condition 5.2]*.

"**Loss Percentage**" means *[specify percentage]*.

"**M**" means a series of ST Valuation Dates or ST Valuation Periods.

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets.

"**Min**" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi-colon inside those brackets.

"**Min Coupon**" means *[specify percentage]*.

"**Modified Value(i,k)**" means:

- (a) if the Coupon Value(i,k) is one of the nfixed greatest value in the basket of the Reference Items, the Best Replace Percentage; and
- (b) otherwise, Coupon Value(i,k).

"**Multiplier Level**" means *[specify percentage]*.

"**Multiplier Number**" shall be the number of times that the Multiplier Condition is satisfied.

"**Multiplier Value**" means, in respect of a ST Valuation Date or ST Valuation Period, *[specify defined term from Payout Condition 5.2]*.

"**n**" means:

- (a) in respect of "Rate of Interest (xiv)" "Mozart", in respect of a ST Coupon Valuation Date, the number calculated as the number of ST Coupon Valuation Dates (in the period from the Issue Date to and including such ST Coupon Valuation Date) on which the Barrier Count Condition is satisfied; and
- (b) in respect of "Rate of Interest (x)" "Range Accrual", in respect of a ST Coupon Valuation Date, the number of Range Accrual Days in the relevant Range Period on which the [Range Accrual Coupon Condition][Range Accrual Countdown Condition] is satisfied.

"**N**" means:

- (a) in respect of "Rate of Interest (xv)" "Mozart Variable", *[specify number]* being the maximum number of times that the Barrier Count Condition may be satisfied from [and including] the Issue Date to [but excluding] the Maturity Date; and
- (b) in respect of "Rate of Interest (x)" "Range Accrual", for each ST Coupon Valuation Date, the total number of Range Accrual Days in the relevant Range Period.

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**nEDS**" means the number of Reference Items in the Basket in respect of which the FR Value is [less than or equal to][less than] EDS Barrier Percentage.

"**nfixed**" means [specify number].

"**Option**" means [Put][Put Spread][EDS][Forward].

"**Paid Coupon Percentage**" means, in respect of an Automatic Early Redemption Valuation Date or Target Determination Date, the sum of the values calculated for each Interest Period as the product of (i) the Rate of Interest and (ii) the Day Count Fraction, in each case for such Interest Period preceding the Current Interest Period (in the case of an Automatic Early Redemption Valuation Date) or the Target Final Interest Period (in the case of a Target Determination Date).

"**Physical Delivery Price**" means, in respect of a ST Valuation Date, the RI Closing Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.

"**Previous Interest**" means, in respect of a ST Coupon Valuation Date or a Coupon Valuation Date, the Rate of Interest determined on the ST Coupon Valuation Date immediately preceding such ST Coupon Valuation Date or Coupon Valuation Date or, in respect of the first ST Coupon Valuation Date or Coupon Valuation Date, zero.

"**Put**" means Max [Strike Percentage – FR Value; 0].

"**Put Cap Percentage**" means [specify percentage].

"**Put Constant Percentage**" means [specify percentage].

"**Put Floor Percentage**" means [specify percentage].

"**Put Leverage**" means [specify percentage].

"**Put Spread**" means Min [Max [Strike Percentage – FR Value; 0]; Cap Percentage].

"**Put Strike Percentage**" means [specify percentage].

"**RA Barrier [1][2][3][4]**" means in respect of a Reference Item, [specify percentage].

"**RA Barrier Value**" means, [specify value from Payout Condition 5.2][in respect of an ST Coupon Valuation Date and a Reference Item, the [specify defined term from Payout Condition 5.2][the Reference Spread].]

"**Ranking**" means, in respect of a ST Valuation Date, the ordinal positioning of each Reference Item by RI Value from lowest RI Value to greatest RI Value in respect of such ST Valuation Date.

"**Rate [A][B][C]**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], [specify fixed rate][specify floating rate determined on the basis set out in item 19 of the Issue Terms][the Call Rate][the Call Spread Rate][Inflation Rate].

"**Rate(n)**" (from n=1 to n=N) means:

- (a) in respect of "Rate of Interest (xv)" – "Mozart Variable" on any ST Coupon Valuation Date, the rate specified in the Issue Terms and associated with the number of times that Barrier Count Condition is satisfied on the relevant ST Coupon Valuation Date; and
- (b) in respect of "Rate of Interest (xxviii)" – "Podium" on any ST Coupon Valuation Date, the rate specified in the Issue Terms and associated with the number of Reference Items in the Basket for which the Podium Condition is satisfied on the relevant ST Coupon Valuation Date.

"**Reference Item [1][2]....[N]**" the asset or reference basis specified as such in the applicable Issue Terms.

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

**"Reference Item Rate"** means, in respect of a ST Valuation Date, a ST Coupon Valuation Date or a ST Coupon Valuation Period, the relevant Rate of Interest determined pursuant to General Condition 3(b) and on the basis of item 26 of the Issue Terms. For this purpose, references in Condition 3(b) to the applicable Rate of Interest being determined for each Interest Period shall be construed to be to such Rate of Interest being determined for the applicable ST Valuation Date, ST Coupon Valuation Date or, as the case may be, ST Coupon Valuation Period. The notification requirements set out in Condition 3(b)(viii) shall not apply where the Rate of Interest is a Reference Item Rate only.

**"Reference Spread [1][2]"** means Reference Item Rate [1][2] minus Reference Item Rate [1][2]. *(NB Complete Reference Item Rates 1 and 2 to reflect Screen Rate Determination or ISDA Determination for relevant CMS Rates. Repeat for further Reference Spread(s) as necessary)*

**"RI Weighting"** means, in respect of a Reference Item, *[specify number, amount or percentage]*.

**"Spread"** means *[specify percentage]*.

**"Strike Percentage [1][2]"** means *[specify percentage]*.

**"Sum Rate"** means, in respect of each ST Coupon Valuation Date, the sum of all previous Rates for each ST Coupon Valuation Date since (but not including) the last occurring date on which the relevant Barrier Count Condition was satisfied (or if none the Issue Date).

**"Sum Rate(n)"** means the sum of each Rate(n) determined by the Calculation Agent on the last ST Coupon Valuation Date.

**"T"** means *[specify number]*, being the total number of ST Coupon Valuation Dates from and including the Issue Date to but excluding the Maturity Date as specified in the Issue Terms.

**"Target Coupon Percentage"** means *[specify percentage]*.

**"Total M"** means: *[specify number]* being the total number of [ST Valuation Dates][ST Valuation Periods] for the Notes.

**"Weighting"** means *[specify in relation to each Reference Item comprising the Basket]*.

### 5.2 Value Definitions

**"Accumulated Coupon"** means, in respect of a ST Valuation Date, the sum of the values calculated for each Interest Period including the Current Interest Period as [the product of (i)][each Rate of Interest [and (ii) the Day Count Fraction]], in each case for such Interest Period.

**"Average Basket Value"** means, in respect of a ST Valuation Period, the arithmetic average of the Basket Values on each ST Valuation Date in such ST Valuation Period.

**"Average Best Value"** means, in respect of a ST Valuation Period, the arithmetic average of the Best Values on each ST Valuation Date in such ST Valuation Period.

**"Average Rainbow Value"** means, in respect of a ST Valuation Period, the arithmetic average of the Rainbow Values on each ST Valuation Date in such ST Valuation Period.

**"Average RI Value"** means, in respect of a Reference Item and a ST Valuation Period, the arithmetic average of the RI Values for such Reference Item on each ST Valuation Date in such ST Valuation Period.

**"Average Worst Value"** means, in respect of a ST Valuation Period, the arithmetic average of the Worst Values on each ST Valuation Date in such ST Valuation Period.

**"Barrier Initial Price"** means a price equal to the product of (x) the RI Closing Value for a Reference Item on the Strike Date and (y) the Barrier Percentage Strike Price.



## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

**"Barrier Initial Maximum Price"** means a price equal to the product of (x) the greatest RI Closing Value for a Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

**"Barrier Initial Minimum Price"** means an amount equal to the product of (x) the lowest RI Closing Value for such Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

**"Barrier Initial Average Price"** means an amount equal to the product of (x) the arithmetic average of the RI Closing Values for a Reference Item on each Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

**"Basket Performance"** means in respect of an ST Valuation Date, (a) the Basket Value in respect of such day minus (b) 100%

**"Basket Value"** means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

**"Basket Intraday Value"** means, in respect of a ST Valuation Date [and any time at which a value for all the Reference Items in the Basket is calculated], the sum of the values calculated for each Reference Item in the Basket at such time as (a) the RI Intraday Value for such Reference Item is calculated in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

**"Best Intraday Value"** means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the highest or equal highest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

**"Best Value"** means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

**"FX Average Level"** means the arithmetic average of the RI FX Levels for a Reference Item on each Strike Day in the Strike Period.

**"FX Closing Level"** means the RI FX Level for a Reference Item on the Strike Date.

**"FX Maximum Level"** means the greatest RI FX Level for a Reference Item on any Strike Day in the Strike Period.

**"FX Minimum Level"** means the lowest RI FX Level for a Reference Item on any Strike Day in the Strike Period.

**"FX Value"** means, in respect of a Reference Item and any day either: (i) the RI FX Level for such day divided by the RI FX Strike Level or (ii) the RI FX Strike Level divided by the RI FX Level for such day, as specified in the Issue Terms.

**"Highest Basket Value"** means, in respect of a ST Valuation Period, the highest or equal highest Basket Value on any ST Valuation Date in such ST Valuation Period.

**"Highest Best Intraday Value"** means, in respect of a ST Valuation Period, the highest or equal highest Best Intraday Value on any ST Valuation Date in such ST Valuation Period.

**"Highest Best Value"** means, in respect of a ST Valuation Period, the highest or equal highest Best Value on any ST Valuation Date in such ST Valuation Period.

**"Highest Rainbow Value"** means, in respect of a ST Valuation Period, the highest or equal highest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

**"Highest RI Intraday Value"** means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

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**"Highest RI Value"** means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

**"Highest Worst Value"** means, in respect of a ST Valuation Period, the highest or equal highest Worst Value on any ST Valuation Date in such ST Valuation Period.

**"Inflation Rate"** means, in respect of a [ST Valuation Date][ST Valuation Period][*specify defined term from Payout Condition 5.2 for a Reference Item which is an Inflation Index*].

**"Initial Average Price"** means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on each Strike Day in the Strike Period.

**"Initial Closing Price"** means the RI Closing Value of a Reference Item on the Strike Date or the Initial Calculation Date.

**"Initial Maximum Price"** means the highest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.

**"Initial Minimum Price"** means the lowest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.

**"Intraday Level"** means, in respect of an Index and subject to the Index Linked Conditions, an amount equal to the level (which shall be deemed to be an amount in the currency of the Index) of such Index as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchanges, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value]

**"Intraday Price"** means, in respect of (i) a Share or a Fund Share and subject to the Equity Linked Conditions or the Fund Linked Conditions, as applicable, an amount equal to the price of such Share or Fund Share quoted on the relevant Exchange as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value]; and (ii) a Subject Currency and subject to the Foreign Exchange (FX) Rate Conditions, a rate determined by reference to the definition of Settlement Price in the Foreign Exchange (FX) Conditions by the Calculation Agent and for such purpose the applicable Valuation Time shall be any relevant time on the relevant ST Valuation Date.

**"Inverse Performance"** means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Inverse Value in respect of such day minus (b) 100% [and multiplied by (c) the FX Value].

**"Lowest Basket Value"** means, in respect of a ST Valuation Period, the lowest or equal lowest Basket Value on any ST Valuation Date in such ST Valuation Period.

**"Lowest Best Value"** means, in respect of a ST Valuation Period, the lowest or equal lowest Best Value on any ST Valuation Date in such ST Valuation Period.

**"Lowest Rainbow Value"** means, in respect of a ST Valuation Period, the lowest or equal lowest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

**"Lowest RI Intraday Value"** means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

**"Lowest RI Value"** means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Value for such Reference Item for all the ST Valuation Dates in such ST Valuation Period.

**"Lowest Worst Intraday Value"** means, in respect of a ST Valuation Period, the lowest Worst Intraday Value on any ST Valuation Date in such ST Valuation Period.

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

**"Lowest Worst Value"** means, in respect of a ST Valuation Period, the lowest or equal lowest Worst Value on any ST Valuation Date in such ST Valuation Period.

**"Performance"** means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Value for such Reference Item in respect of such day minus (b) 100% [, and multiplied by (c) the FX Value].

**"Performance Difference"** means in respect of a ST Valuation Date, the Performance for Reference Item (k=[*specify*])) in respect of such ST Valuation Date minus the Performance for Reference Item (k=[*specify*])) in respect of such ST Valuation Date.

**"Performing RI Strike Price"** means, in respect of a ST Valuation Date, the RI Initial Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.

**"Rainbow Value"** means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the Ranked Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

**"Ranked Value"** means, in respect of a ST Valuation Date, the RI Value in respect of the Reference Item with the [first][second][*specify*] Ranking in respect of such ST Valuation Date.

**"RI Composite Value"** means, in respect of a Reference Item and a ST Valuation Date, the [highest or equal highest of][lowest or equal lowest of][arithmetic average of] the RI Average Values in respect of such ST Valuation Date.

**"Restrike Performance"** means, in respect of a Reference Item and a ST Valuation Date (a) (i) the RI Closing Value for such Reference Item in respect of such day divided by (ii) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date (b) less 100%[, and multiplied by (c) the FX Value].

**"RI Average Value"** means, in respect of a Reference Item and a ST Valuation Date, the arithmetic average of [(a)] the RI Closing Value for such Reference Item in respect of each [set of] Averaging Date[s] specified in relation to such ST Valuation Date [multiplied by (b) the FX Value].

**"RI Closing Value"** means, in respect of a Reference Item and a Valuation Date, ST Valuation Date, ST Coupon Valuation Date, Automatic Early Redemption Valuation Date, Valuation Date or a Coupon Valuation Date:

- (a) if the relevant Reference Item is an Index, the Settlement Level (as defined in the Index Linked Conditions);
- (b) if the relevant Reference Item is a Share, the Settlement Price (as defined in the Equity Linked Conditions);
- (c) if the relevant Reference Item is an Inflation Index, the Relevant Level (as defined in the Inflation Linked Conditions);
- (d) if the relevant Reference Item is an Exchange Traded Fund Share, the Settlement Price (as defined in the Fund Linked Conditions);
- (e) if the relevant Reference Item is a Fund, the NAV per Fund Share (as defined in the Fund Linked Conditions);
- (f) if the relevant Reference Item is a Subject Currency, the Settlement Price (as defined in the Foreign Exchange (FX) Rate Linked Conditions);
- (g) if the relevant Reference Item is a rate of interest, the Reference Item Rate; and
- (h) if the relevant Reference Item is a Reference Spread, the Reference Spread,

in each case on such ST Valuation Date, ST Coupon Valuation Date, Automatic Early Redemption Valuation Date, Valuation Date or Coupon Valuation Date.

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**"RI FX Level"** means, for the purpose of converting an amount in respect of a Reference Item into the Specified Notes Currency on *[specify date(s)]* *[(insert relevant rate source and, if applicable, observation time)]* (or any successor to such page or service) or if it is not reasonably practicable to determine the RI FX Level from such source, the RI FX Level will be determined by the Calculation Agent as *[the rate it determines would have prevailed but for such impracticability by reference to such source(s) as it deems appropriate]* *[the rate at which the Calculation Agent determines the relevant Reference Item amount could be converted into the Specified Notes Currency (expressed as the Calculation Agent determines appropriate) at or about the time and by reference to such source(s) as the Calculation Agent deems appropriate].*

**"RI FX Rate"** means (i) the RI FX Level, (ii) the FX Value or (iii) the number, as specified in the applicable Issue Terms.

**"RI FX Strike Level"** means, in respect of a Reference Item, *[specify rate]**[FX Closing Level]**[FX Maximum Level]**[FX Minimum Level]**[FX Average Level]*.

**"RI Growing Average Value"** means, in respect of a Reference Item and a ST Valuation Date, the arithmetic average of *[(a)]**[i]* the RI Closing Value for such Reference Item in respect of each Averaging Date*[s]* specified in relation to such ST Valuation Date on which the RI Closing Value is *[equal to or]**[higher than]* the RI Closing Value in respect of the immediately preceding Averaging Date or if none, the RI Initial Value, divided by *[ii]* the relevant RI Initial Value *[multiplied by (b) the FX Value]*.

**"RI Initial Value"** means, in respect of a Reference Item, *[specify price]* *[Initial Closing Price]* *[Initial Maximum Price]* *[Initial Minimum Price]**[Initial Average Price]* *[Barrier Initial Price]* *[Barrier Initial Maximum Price]* *[Barrier Initial Minimum Price]* *[Barrier Initial Average Price]*.

**"RI Intraday Level"** means:

- (a) if the relevant Reference Item is an Index, the Intraday Level; or
- (b) if the relevant Reference Item is a Share or a Fund Share, the Intraday Price; or
- (c) if the relevant Reference Item is a Subject Currency, the Intraday Price.

**"RI Intraday Value"** means, in respect of a Reference Item and a ST Valuation Date, *[(a)]* (i) the RI Intraday Level for such Reference Item in respect of such ST Valuation Date (ii) divided by the relevant RI Initial Value *[multiplied by (b) FX Value]*.

**"RI Inverse Value"** means, in respect of a Reference Item and a ST Valuation Date, *[(a)]* (i) the RI Initial Value divided by (ii) the *[RI Closing Value]**[RI Average Value]* for such Reference Item in respect of such ST Valuation Date *[multiplied by (b) the FX Value]*.

**"RI Restrike Value"** means, in respect of a Reference Item and a ST Valuation Date (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date divided by (b) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date.

**"RI Value"** means, in respect of a Reference Item and a ST Valuation Date, *[(a)]* (i) the *[RI Closing Value]**[RI Average Value]* for such Reference Item in respect of such ST Valuation Date, divided by (ii) the relevant RI Initial Value *[multiplied by (b) the FX Value]*.

**"RI Value Difference"** means, in respect of a ST Valuation Date, the RI Value for Reference Item *(k=[specify])* in respect of such ST Valuation Date minus the RI Value for Reference Item *(k=[specify])* in respect of such ST Valuation Date.

**"Worst Intraday Value"** means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the lowest or equal lowest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

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**"Worst Inverse Value"** means, in respect of ST Valuation Date, the RI Inverse Value for the Reference Item(s) with the lowest or equal lowest RI Inverse Value for any Reference Item in the Basket in respect of such ST Valuation Date.

**"Worst Value"** means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

### 5.3 Dates and Periods

Payments of interest and principal on the Notes may be associated with ST Valuation Dates and/or ST Valuation Periods, as the case may be, as specified in the Issue Terms. For the avoidance of doubt, several sets of dates may be used for the determination and calculation of a particular payout.

**"Calculation Date"** means *[specify]*.

**"Coupon Valuation Date"** shall be the relevant date specified as such in the Issue Terms, as may be adjusted in accordance with the definition of "Valuation Date".

**"Final Calculation Date"** means *[specify]*.

**"Initial Calculation Date"** means *[specify]*.

**"Range Accrual Cut-Off Date"** means [in respect of [each][a] Reference Item [(k)] and] [in respect of any [Range Period] *[specify other period]* [the][each] date specified as such in the Issue Terms.] or, otherwise, the date falling *[specify number]* [calendar days] [Business Days] [Scheduled Trading Days (as defined in the *[specify]* Conditions) *[specify other]* before the [Range Period End Date] *[specify other]*.

**"Range Accrual Day"** means [an Exchange Business Day][a Scheduled Trading Day][a Business Day][an Interest Determination Date][a calendar day][an Observation Day]*[specify]*.

**"Range Period"** means *[specify period]*[each][the][Interest Period] [(and the final date of each such period, the "Range Period End Date")].

**"Redemption Valuation Date"** shall be the relevant date specified as such in the applicable Issue Terms, as may be adjusted in accordance with the definition of "Valuation Date".

**"ST Coupon Valuation Date(s)"** means [a] [an] [each] [Averaging Date][Strike Date][Interest Determination Date][Interest Period End Date][Determination Date][Knock-in Determination Day][Knock-out Determination Day][Settlement Level Date][Settlement Price Date][Valuation Date][Range Accrual Day] [and] [Range Period Cut-Off Date].

**"ST Coupon Valuation Period"** means [the period from and including *[specify]* to and [including][excluding][the immediately following] *[specify]*][each][the][Interest Period][Range Period].

**"ST ER Valuation Date"** means each [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Date][Knock-out Determination Date].

**"ST ER Valuation Period"** means the period from and including *[specify]* to and including *[specify]*.

**"ST FR Valuation Date"** means [a] [an] [each] [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day].

**"ST FR Valuation Period"** means the period from and including *[specify]* to and including *[specify]*.

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"**ST Redemption Valuation Date**" means [a] [an] [each] [the] [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day].

"**ST Redemption Valuation Period**" means the period from and including [*specify*] to and including [*specify*].

"**ST Valuation Date**" means [the] [each] [Coupon Valuation Date][Strike Date][Redemption Valuation Date][ST Coupon Valuation Date][ST ER Valuation Date][ST FR Valuation Date][ST Redemption Valuation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day][Range Accrual Day][Settlement Level Date][Settlement Price Date][Scheduled Trading Day][Calculation Date][Initial Calculation Date][Final Calculation Date].

"**ST Valuation Period**" means each [ST Coupon Valuation Period][ST ER Valuation Period][ST FR Valuation Period][ST Redemption Valuation Period][Automatic Early Redemption Valuation Period][Knock-in Determination Period][Knock-out Determination Period].

"**Target Determination Date**" means [*specify date(s)*].

"**Target Final Interest Period**" means the Interest Period ending on but excluding the Maturity Date.

### 5.4 Conditional Conditions

If one or more conditions defined below are applicable for the determination and calculation of a payout formula(e), the definition shall be inserted, completed and adjusted in the Issue Terms in order to take into account any value definitions in Payout Condition 5.2, relevant Date(s) and or Periods, and/or other Variable Data.

"**Barrier Count Condition**" shall be satisfied if, in respect of a [ST Coupon Valuation Date] [ST Coupon Valuation Period], the Coupon Barrier Value [for] [each] [any] [Observation Date] [in respect of] [the relevant] [on such] [ST Coupon Valuation Date] [ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier.

"**Cappuccino Barrier Condition**" means, in respect of [the] [the Reference Item] [and] a [ST Coupon Valuation Date], that the Coupon Barrier Value [for] [each] [any] [Observation Date] [in respect of] [the relevant] [on such] [ST Coupon Valuation Date], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Coupon Barrier.

"**Coupon Barrier Condition [1]**" means, in respect of [a ST Coupon Valuation Date][a Coupon Valuation Date][a ST Coupon Valuation Period], that the Coupon Barrier Value [for] [each][any] [Observation Date] [in respect of][the relevant] [on such] [ST Coupon Valuation Date][a Coupon Valuation Date][ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] [the] Coupon Barrier [1][ but is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [2]].

"**Coupon Barrier Condition [2]**" means, in respect of [a ST Valuation Coupon Date][a Coupon Valuation Date][a ST Coupon Valuation Period], that the Coupon Barrier Value [for] [each][any] [Observation Date] [in respect of][the relevant] [on such] [ST Coupon Valuation Date][a Coupon Valuation Date][ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Coupon Barrier [1] [but is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [2]].

"**Digital Coupon Condition [1]**" means:

- (a) in respect of Reference Item [1], that the Coupon Barrier Value for [the] Reference Item [1] [for] [each] [any] [Observation Date] [in respect of] [the relevant] [on such] [ST Coupon Valuation Date] [ST Coupon Valuation Period] as determined by the Calculation Agent is [(i)] [greater than][less than][equal to or greater than][less than or equal to], [the]

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Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier 2](*insert (ii) if a Coupon Barrier 2 is specified*); and

- (b) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 [for][each][any] [Observation Date][in respect of][ the relevant] [on such] [[ST Coupon Valuation Date][in the relevant][ST Coupon Valuation Period] as determined by the Calculation Agent is [(i) [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [1] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], Coupon Barrier [2]](*insert (ii) if a Coupon Barrier [2] is specified*)](*insert (b) if Reference Item 2 is specified*).

**"Digital Coupon Condition 2"** means in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

- (a) in respect of Reference Item [1], that the Coupon Barrier Value for Reference Item [1] [for] [each][any] [Observation Date][in respect of][the relevant][on such] [ST Coupon Valuation Date][and][ST Coupon Valuation Period][and [each][any] Observation Date for [the relevant][a] [ST Valuation Date][ST Coupon Valuation Period]] as determined by the Calculation Agent is [(i) [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier [4]](*insert (ii) if a Coupon Barrier [4] is specified*); and
- (b) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 [for][each][any][Observation Date][in respect of] [the relevant] [on such][ST Coupon Valuation Date][ST Coupon Valuation Period] as determined by the Calculation Agent is [(i) [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier [4]] (*insert (ii) if a Coupon Barrier [4] is specified*) (*insert (b) if Reference Item 2 is specified*).

**"Final Redemption Condition"** means, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], that the Final Redemption Value [for] [each][any] [Observation Date][in respect of][the relevant][on such] [ST Redemption Valuation Date][ST Redemption Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Final Redemption Condition Level.

**"Final Redemption Condition [1]"** means, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], that the Final Redemption Value [for] [each][any] [Observation Date][in respect of][the relevant][on such] [ST Redemption Valuation Date] [ST Redemption Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level 1.

**"Final Redemption Condition [2]"** means, in respect of a [ST Redemption Valuation Date] [ST Redemption Valuation Period] that the Final Redemption Value [for] [each][any] [Observation Date] [in respect of] [the relevant] [on such] [ST Redemption Valuation Date] [in the relevant [ST Redemption Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level [1][, but is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level 2.]

**"Lock-in Coupon Barrier Condition"** means, in respect of the [ST Coupon Valuation Date][ST Coupon Valuation Period], the Lock-in Coupon Value [for] [each] [any] [Observation Date] [in respect of] [on such] [ST Coupon Valuation Date][ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Lock-in Coupon Level.

**"Lock-in Redemption Condition"** means, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], the Lock-in Redemption Value [for] [each][any][Observation Date] [in respect of] [the relevant] [on such] [ST Redemption Valuation Date][ST Redemption Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Lock-in Redemption Level.

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"**Multiplier Condition**" means, in respect of a [ST Valuation Date][ST Valuation Period], the Multiplier Value [for] [each][any][Observation Date] [in respect of] [the relevant] [on such] [ST Valuation Date] [ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Multiplier Level.

"**Podium Condition**" means, in respect of a Reference Item and a ST Coupon Valuation Date, the Coupon Value for such Reference Item on such ST Coupon Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Coupon Barrier.

"**Range Accrual Countdown Condition**" [subject as provided below,] will be deemed satisfied if, in respect of each Range Accrual Day in [the][relevant] Range Period [(n)][from and including] [specify] to [and including][but excluding] [specify] for [each] Reference Item (k=[specify]), the Coupon Barrier Value for such Reference Item in respect of each such Range Accrual Day is [(i)] [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [specify number][and (ii) [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [specify number](insert (ii) if a Coupon Barrier [specify number] is specified) [as specified in the table below].

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

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

*Specific Provisions for Range Accrual Countdown Condition:*

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

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

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

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



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

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

*Specific Provisions for Range Accrual Coupon Condition:*

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

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

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

**5.5 Enumeration Convention**

Without prejudice to any other provision of these Payout Conditions and as a general rule the following suffixes in relation to the payout terms will be used. Other suffix terms may be selected and may be included in the Issue Terms with other definitions or provisions from the Payout Conditions:

"**i**" [from i = [specify] to i = [specify]] or "**m**" [from m = [specify] to m = [specify]] in relation to the relevant ST Valuation Date or ST Valuation Period.

"**j**" [from j = [specify] to j = [specify]] means the relevant Strike Date.

"**k**" [from k = [specify] to k = [specify]] means the relevant Reference Item.

"**q**" [from q = [specify] to q = [specify]] or "**t**" [from t = [specify] to t = [specify]] means the relevant Observation Date or ST Valuation Date.

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Any of these suffixes will be inserted, completed and explained, if necessary, in the Issue Terms and may be tabulated, especially where two or more suffixes apply.

[each date specified as such below (*set out relevant table*):

<b>K</b>	<b>ST Valuation Date</b>	<b>[Set(s) of] Averaging Dates</b>
<i>[specify]</i>	<i>[insert date]</i>	Set n: <i>[insert dates or describe dates. E.g. "The last [specify] Scheduled Trading Days of (month, year)]</i> <i>(Repeat as necessary for each set n)</i>
<i>(Repeat as necessary in each row)</i>	<i>(Repeat as necessary in each row.)</i>	<i>(Repeat as necessary in each row.)</i>

]

### 6. Settlement Exchange Rate Provisions

If Settlement Exchange Rate Provisions are specified as applicable in the Issue Terms, then notwithstanding the Notes are denominated in, and calculations made in respect of, the Specified Notes Currency (the "**SER Subject Currency**"), as shall be specified in the Issue Terms either, (i) all payments or (ii) only those payments to which the Settlement Exchange Rate Provisions are specified to apply, in respect of the Notes shall be made in the Settlement Currency (the "**Settlement Currency**" or the "**SER Base Currency**").

The Calculation Agent will determine the amount to be paid in the SER Base Currency by applying the Settlement Exchange Rate to the amount that would have been payable in the SER Subject Currency were it not for the provisions of this Payout Condition 6.

Any such payment shall be made on the date such payment would have otherwise been due **provided that**, if limb (b) of the definition of "Settlement Exchange Rate" below applies, such payment may be deferred in accordance with Payout Condition 6.1(e) below if the SER Valuation Date is postponed as set out herein. No additional interest or other amount shall be payable in respect of any such delay.

#### 6.1 SER Valuation and Disruption Provisions

**The provisions of this Payout Condition 6.1 apply where Settlement Exchange Rate Provisions are specified as applicable in the Issue Terms and limb (b) of the definition of "Settlement Exchange Rate" below applies.**

##### (a) SER Disruption Events

If so specified in the Issue Terms, the occurrence of any of the following events, in respect of any SER Base Currency and/or SER Subject Currency, shall be a "**SER Disruption Event**":

- (i) Price Source Disruption;
- (ii) Illiquidity Disruption;
- (iii) Dual Exchange Rate;
- (iv) General Inconvertibility;
- (v) General Non-Transferability;
- (vi) Material Change in Circumstance;
- (vii) Nationalisation;

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(viii) Price Materiality; and/or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (viii) above.

The Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with General Condition 12 of the occurrence of a SER Disrupted Day on any day that but for the occurrence of the SER Disrupted Day would have been a SER Valuation Date.

(b) **Consequences of a SER Disruption Event**

Upon a SER Disruption Event occurring or continuing on any SER Valuation Date (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant SER Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply in determining the consequences of the SER Disruption Event: (a) Calculation Agent Determination where the applicable SER Disruption Event is other than Price Source Disruption or Price Materiality; and (b) the applicable SER Disruption Fallback where the applicable SER Disruption Event is a Price Source Disruption or Price Materiality.

(c) **SER Unscheduled Holiday**

If the Calculation Agent determines that a date that would otherwise have been a SER Valuation Date is a SER Unscheduled Holiday in respect of the SER Subject Currency, then such date shall be the immediately succeeding SER Scheduled Trading Day after the occurrence of the SER Unscheduled Holiday, subject as provided above, and **Provided that** if such SER Valuation Date has not occurred on or before the SER Maximum Days of Postponement then the next SER Scheduled Trading Day after such period that would have been a SER Scheduled Trading Day but for the SER Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Exchange Rate shall be determined by the Calculation Agent on such day in its sole discretion acting in good faith having taken into account relevant market practice and by reference to such additional source(s) as it deems appropriate.

(d) **SER Cumulative Events**

If "SER Cumulative Events" is specified as applicable in the Issue Terms in respect of a SER Settlement Currency then, in no event shall the total number of consecutive calendar days during which a SER Valuation Date is deferred due to either (i) a SER Unscheduled Holiday or (ii) a SER Valuation Postponement (or a combination of both (i) and (ii)) exceed the SER Maximum Cumulative Days of Postponement in the aggregate. If a SER Valuation Date is postponed by the number of calendar days equal to the SER Maximum Cumulative Days of Postponement and at the end of such period (i) a SER Unscheduled Holiday shall have occurred or be continuing on the day immediately following such period (the "**Final Day**"), then such Final Day shall be deemed to be the relevant SER Valuation Date and (ii) if a Price Source Disruption shall have occurred or be continuing on the Final Day, then Valuation Postponement shall not apply and the Settlement Exchange Rate shall be determined in accordance with the next applicable SER Disruption Fallback.

(e) **Postponement of payment or settlement days**

Where any SER Valuation Date is postponed as a consequence of the provisions of this Payout Condition 6.1, then the corresponding date for payment or delivery of any assets shall fall on the later of (a) the date for such payment or delivery otherwise determined in accordance with the Issue Terms and (b) the day falling the SER Number of Postponement Settlement Days specified in the Issue Terms (or, if none are so specified, two Business Days) after the SER Valuation Date.

6.2 **Consequences of a SER Additional Disruption Event**

Other than where limb (a) of the definition of "Settlement Exchange Rate" below applies, if the Calculation Agent determines that a SER Additional Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 12. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the SER Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12.

6.3 **Definitions**

"**Change in Law**" means that, on or after the Trade Date (as specified in the Issue Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

"**Dual Exchange Rate**" means that any of the SER Base Currency and/or SER Subject Currency splits into dual or multiple currency exchange rates.

"**General Inconvertibility**" means the occurrence of any event that generally makes it impossible to convert a SER Subject Currency into the SER Base Currency in a SER Subject Currency Jurisdiction through customary legal channels.

"**General Non-Transferability**" means the occurrence of any event that generally makes it impossible to deliver (A) the SER Base Currency from accounts inside a SER Subject Currency Jurisdiction to accounts outside a SER Subject Currency Jurisdiction or (B) the SER Subject Currency between accounts inside a SER Subject Currency Jurisdiction or to a party that is a non-resident of a SER Subject Currency Jurisdiction.

"**Governmental Authority**" means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

"**Hedging Disruption**" means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Illiquidity Disruption**" means the occurrence of any event in respect of any of the SER Base Currency and/or SER Subject Currency whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge its obligations under the Notes (in one or more transaction(s)) on the relevant SER Valuation Date (or, if different, the day on which rates for such SER Valuation Date would, in the ordinary course, be published or announced by the relevant SER Price Source).

"**Increased Cost of Hedging**" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially

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increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Initial Settlement Exchange Rate"** or **"Initial SER"** means the rate specified as such in the Issue Terms.

**"Material Change in Circumstance"** means the occurrence of any event (other than those events specified as SER Disruption Events) in the SER Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Notes which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

**"Nationalisation"** means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the SER Subject Currency Jurisdiction.

**"Price Materiality"** means that, in the determination of the Calculation Agent, the SER Primary Rate differs from any SER Secondary Rate by at least the SER Price Materiality Percentage or if there are insufficient responses on the relevant SER Valuation Date to any survey used to calculate any such rate, then the SER Price Materiality Percentage will be deemed to be met.

**"Price Source Disruption"** means that it becomes impossible to obtain the rate or rates from which the Settlement Exchange Rate is calculated.

**"Relevant Screen Page"** means the relevant page specified as such in the Issue Terms or any successor to such page or service acceptable to the Calculation Agent.

**"Settlement Currency"** or **"SER Base Currency"** means the currency specified as such in the Issue Terms.

**"Settlement Exchange Rate"** means (a) the rate specified as such in the Issue Terms or (b) if no such rate is specified and, subject as referred to in Payout Condition 6.1 above, the rate of exchange appearing on the SER Price Source at the SER Valuation Time on the relevant SER Valuation Date for the exchange of the SER Subject Currency per one unit of the SER Base Currency for settlement on the SER Number of Settlement Days.

**"SER Additional Disruption Event"** means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Issue Terms.

**"SER Disrupted Day"** means any SER Scheduled Trading Day on which the Calculation Agent determines that a SER Disruption Event has occurred.

**"SER Disruption Fallback"** means a source or method that may give rise to an alternative basis for determining the Settlement Exchange Rate when a SER Disruption Event occurs or exists on a day that is a SER Valuation Date (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the SER Price Source) being, in respect of a SER Subject Currency, any of Calculation Agent Determination, First Fallback Reference Price, Second Fallback Reference Price and Valuation Postponement, as so specified in the Issue Terms for such SER Subject Currency. Where more than one SER Disruption Fallback is so specified then such SER Disruption Fallbacks shall apply in the order in which they are specified in the Issue Terms until the Settlement Exchange Rate can be determined for such exchange rate relating to that SER Settlement Currency for such SER Valuation Date.

Where:

**"Calculation Agent Determination"** means that the Calculation Agent shall determine the Settlement Exchange Rate taking into consideration all information that it deems relevant.

**"First Fallback Reference Price"** means that the Calculation Agent shall determine the Settlement Exchange Rate by reference to the applicable First Fallback Reference Price and, for which purpose, references in the definition of Settlement Exchange Rate to "SER Price Source", "SER Valuation Time" and "SER Number of Settlement Days" shall be construed, respectively, to be to

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"SER First Fallback Price Source", "SER First Fallback Valuation Time" and "SER First Fallback Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Issue Terms).

"**Second Fallback Reference Price**" means that the Calculation Agent shall determine the Settlement Exchange Rate by reference to the applicable Second Fallback Reference Price and, for which purpose, references in the definition of Settlement Exchange Rate to "SER Price Source", "SER Valuation Time" and "SER Number of Settlement Days" shall be construed, respectively, to be to "SER Second Fallback Price Source", "SER Second Fallback Valuation Time" and "SER Second Fallback Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Issue Terms).

"**Valuation Postponement**" means that the Settlement Exchange Rate shall be determined on the immediately succeeding SER Scheduled Trading Day which is not a SER Disrupted Day unless the Calculation Agent determines that no such SER Scheduled Trading Day which is not a SER Disrupted Day has occurred on or before the day falling the SER Maximum Days of Postponement following the originally designated SER Valuation Date, as the case may be. In such event, the Settlement Exchange Rate shall be determined on the next SER Scheduled Trading Day after the SER Maximum Days of Postponement (notwithstanding the fact that day may be a SER Disrupted Day) in accordance with the next applicable SER Disruption Fallback.

"**SER Maximum Cumulative Days of Postponement**" means the number of days specified as such in the Issue Terms or, if no such number is specified, 30 calendar days.

"**SER Maximum Days of Postponement**" means the number of days specified as such in the Issue Terms or, if no such number is specified, 30 calendar days.

"**SER Number of Settlement Days**" means, in respect of a SER Subject Currency, the number of days on which commercial banks are open (or, but for the occurrence of a SER Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the or each SER Settlement Day Centre specified as such in the Issue Terms (each, a "**SER Settlement Day**"). Where no such number or zero is so specified, then such rate shall be for settlement on the same day.

"**SER Price Materiality Percentage**" means the percentage specified as such in the Issue Terms or, if no such percentage is specified, 3%

"**SER Price Source**" means the price source(s) specified as such in the Issue Terms (or any successor to such price source(s) as determined by the Calculation Agent).

"**SER Primary Rate**" means the rate specified as such in the Issue Terms.

"**SER Secondary Rate**" means the rate specified as such in the Issue Terms.

"**SER Scheduled Trading Day**" means a day on which commercial banks are open (or, but for the occurrence of a SER Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the or each SER Scheduled Trading Day Jurisdiction specified in the Issue Terms **Provided that** where the SER Subject Currency is BRL, then notwithstanding the foregoing, if the relevant SER Valuation Date falls on a date that, as the Trade Date, is not a scheduled day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in New York City (an "**NYC Business Day**"), then no adjustment to such date shall be made on account of the fact that such date is not an NYC Business Day.

"**SER Subject Currency**" means the currency specified as such in the Issue Terms.

"**SER Subject Currency Jurisdiction**" means each country for which the SER Subject Currency is the lawful currency.

"**SER Unscheduled Holiday**" means a day that is not a SER Scheduled Trading Day and the market was not aware of such fact (by means of a public announcement or by reference to other

## ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

publicly available information) until a time later than 9:00a.m. local time in the principal financial centre of the SER Subject Currency two SER Scheduled Trading Days prior to the relevant scheduled SER Valuation Date.

"**SER Valuation Date**" means any date specified as such in the Issue Terms or, if such day is not a SER Scheduled Trading Day, the immediately preceding SER Scheduled Trading Day and, in the event of a SER Unscheduled Holiday, subject to adjustment as set out in Payout Condition 6.1(c) above, unless, in the opinion of the Calculation Agent, the resultant day is a SER Disrupted Day, in which case the provisions of Payout Condition 6.1(b) shall apply. Where the amount so due is the Early Redemption Amount, then the SER Valuation Date shall be deemed to be the fifth SER Scheduled Trading Day prior to the date of early redemption of the Notes.

"**SER Valuation Time**" means, unless otherwise specified in the Issue Terms, the time at which the SER Price Source publishes the relevant rate or rates from which the Settlement Exchange Rate is calculated.

**ANNEX 2**  
**ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES**

*If specified as applicable in the Issue Terms, the terms and conditions applicable to Index Linked Notes shall comprise the General Conditions and the additional terms and conditions for Index Linked Notes set out below (the "**Index Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between the Index Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Index Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

**1. Disrupted Day**

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Automatic Early Redemption Valuation Date, an Averaging Date, any Knock-in Determination Day or Knock-out Determination Day, an Observation Date, or a Valuation Date, as the case may be.

**2. Adjustments to an Index**

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the last Automatic Early Redemption Valuation Date, the last Averaging Date, last Knock-in Determination Day, last Knock-out Determination Day, last Observation Date or last Valuation Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for, or the method of, calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "**Index Modification**"), or permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (ii) on an Automatic Early Redemption Valuation Date, an Averaging Date, a Knock-in Determination Day or Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then:

(i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Automatic Early Redemption Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or Valuation Date, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or

(ii) unless Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the Issue Terms, on giving notice to Noteholders



## ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

in accordance with General Condition 12, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note, taking into account the Index Adjustment Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Index Adjustment Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12; or

- (iii) if Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the Issue Terms, the Calculation Agent shall calculate the Calculated Index Adjustment Amount as soon as practicable following the occurrence of the Index Adjustment Event (the "**Calculated Index Adjustment Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Index Adjustment Amount plus interest accrued on the Calculated Index Adjustment Amount on a daily basis from and including the Calculated Index Adjustment Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day.

Notwithstanding (i), (ii) and (iii) above, if there are any options or future contracts of the Index traded on the Related Exchange, the Calculation Agent may instead in its sole and absolute discretion, upon the occurrence of an Index Adjustment Event, make the corresponding adjustments made on any Related Exchange (an "**Exchange Based Adjustment**").

- (c) Notice

Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall, as soon as practicable, other than in the case of an Exchange Based Adjustment notify the Issuer of any determination made by it pursuant to paragraph (b) above and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 stating the occurrence of the Index Adjustment Event, giving details thereof and the action proposed to be taken in relation thereto, **provided that** any failure to give, or non-receipt of, such notice will not affect the validity of the Index Adjustment Event or the proposed action.

### 3. **Correction of Index**

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the level of an Index, if the relevant level of the Index published on a given day which is used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor, (i) in respect of a Composite Index, no later than five Exchange Business Days following the date of the original publication or, (ii) in respect of an Index which is not a Composite Index, within the number of days equal to the Index Correction Period of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the level of the Index will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

### 4. **Additional Disruption Events**

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (if applicable) (iii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Weighting and/or any of the other terms of the General Conditions, these Index Linked Conditions and/or the

## ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

Issue Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or

- (ii) unless Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Issue Terms, redeem the Notes by giving notice to Noteholders in accordance with General Condition 12. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Adjustment Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12; or
  - (iii) if Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Issue Terms, the Calculation Agent shall calculate the Calculated Additional Disruption Amount as soon as practicable following the occurrence of the Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued on the Calculated Additional Disruption Amount on a daily basis from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, at its nominal amount.
- (b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto, **provided that** any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

### 5. **Knock-in Event and Knock-out Event**

- (a) This Index Linked Condition 5 is applicable only if:
  - (i) Knock-in Event is specified as applicable in the Issue Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or
  - (ii) Knock-out Event is specified as applicable in the Issue Terms, in which case any payment under the relevant Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.
- (b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time the level of the Index triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; **provided that** if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

- (c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, **provided that** if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

6. **Automatic Early Redemption Event**

If "**Automatic Early Redemption Event**" is specified as applicable in the Issue Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Issue Terms, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period, as applicable, and the Issuer shall redeem each Note of a nominal amount equal to the Calculation Amount at an amount in the relevant currency specified in the Issue Terms equal to the relevant Automatic Early Redemption Amount.

7. **Definitions**

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case if specified in the Issue Terms.

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

"**Automatic Early Redemption Amount**" means an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Payout set out in the Issue Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Issue Terms or if such date is not a Business Day, the next following Business Day, and no Noteholder shall be entitled to any interest or further payment in respect of such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A),

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Automatic Early Redemption Level, (i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Issue Terms.

"**Automatic Early Redemption Level**" means the level, amount, number or percentage specified as such in the Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Automatic Early Redemption Payout**" is as specified in the applicable Issue Terms.

"**Automatic Early Redemption Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Condition.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Issue Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Redemption Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Issue Terms;

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Issue Terms.

"**AER Value**" has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2 (*Value Definitions*).

"**Averaging Date**" means each date specified as an Averaging Date in the Issue Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) "**Omission**" is specified as applying in the Issue Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Level **provided that**, if through the operation of this provision no Averaging Dates would occur, then the Averaging Date will not be omitted and the provisions of the definition of "**Valuation Date**" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the Issue Terms, then the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the Issue Terms then:
  - (i) where the Notes are Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined in (ii) below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below;
  - (ii) where the Notes are Index Linked Notes relating to a Basket of Indices, the Averaging Date for each Index shall be the first succeeding Valid Date in relation

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to every Index forming part of the Basket of Indices. If the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices has not occurred for a number of consecutive Scheduled Trading days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of every Index forming part of the Basket of Indices, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below; and

- (iii) for the purposes of these Terms and Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Basket of Indices**" means a basket composed of each Index specified in the Issue Terms subject to the Weightings.

"**Change of Law**" means that, on or after the Trade Date (as specified in the Issue Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant hedge positions relating to an Index and/or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Index Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant securities.

"**Clearance System Business Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Component Security**" means, in respect of a Composite Index, each component security of such Index.

"**Composite Index**" means any Index specified as such in the Issue Terms, or if not specified, any Index the Calculation Agent determines as such.

"**Coupon Valuation Time**" means the time specified as such in the applicable Issue Terms.

"**Disrupted Day**" means any day which is:

- (a)
  - (i) in the case of a Composite Index, any Scheduled Trading Day on which: (x) the Index Sponsor fails to publish the level of the Index; (y) the Related Exchange fails to open for trading during its regular trading session; or (z) a Market Disruption Event has occurred; or
  - (ii) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which (x) the relevant Exchange and/or any Related Exchange fails to open for trading during their regular trading session or (y) a Market Disruption Event has occurred; or

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- (b) Where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Issue Terms for (i) Index Linked Notes and (ii) Equity Linked Notes and/or Fund Linked Notes, a Disrupted Day occurs under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions.

**"Early Closure"** means:

- (a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and
- (b) in the case of any Index which is not a Composite Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20% or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means:

- (a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent; and
- (b) in the case of any Index which is not a Composite Index, each exchange or quotation system specified as such for such Index in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means either (i) in the case of a single Index, Exchange Business Day (Single Index Basis) or (ii) in the case of a basket of Indices or other assets, (a) Exchange Business Day (All Indices Basis) or (b) Exchange Business Day (Per Index Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Issue Terms, **provided that** if no such specification is made in the Issue Terms, Exchange Business Day (All Indices Basis) shall apply.

**"Exchange Business Day (All Indices Basis)"** means any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each Exchange and each Related Exchange are open for trading during their respective regular trading sessions in respect of such Indices, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of all Composite Indices, (a) the Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) is open for trading during its regular trading session in respect of such Composite Indices, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Cross Asset Basis)"** means, in respect of a basket of assets, any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session in respect of such Indices comprised in the basket (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) and (ii) in respect of all Composite Indices, (a) the relevant Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) in respect of each Composite Index is open for trading

during its regular trading session (notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time) which, in each case, is also an Exchange Business Day under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions, as applicable.

**"Exchange Business Day (Per Index Basis)"** means in respect of any Index:

- (a) in the case of any Composite Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of such Composite Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and
- (b) in any other case, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Index are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time.

**"Exchange Business Day (Single Index Basis)"** means any Scheduled Trading Day on which (i) in respect of all Indices other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of a Composite Index (a) the relevant Index Sponsor publishes the level of such Composite Index and (b) the relevant Related Exchange, if any, is open for trading during their regular trading session in respect of such Composite Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means:

- (a) in the case of any Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (A) any Component Security on the Exchange in respect of such Component Security; or (B) in futures or options contracts relating to such Index on the Related Exchange; and
- (b) in the case of any Index which is not a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for on any relevant Exchange(s) in securities that comprise 20% or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer, issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Hedging Shares"** means the number of securities comprised in an Index that the Issuer and/or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) (a) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) to realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

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**"Increased Cost of Stock Borrow"** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security comprised in an Index that is greater than the Initial Stock Loan Rate.

**"Index"** and **"Indices"** mean, subject to adjustment in accordance with these Index Linked Conditions, the index or indices specified in the Issue Terms and related expressions shall be construed accordingly.

**"Index Correction Period"** means (a) the period specified in the Issue Terms, or (b) if none is so specified, one Settlement Cycle.

**"Index Sponsor"** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the Issue Terms.

**"Initial Stock Loan Rate"** means, in respect of a security comprised in an Index, the initial stock loan rate specified in relation to such security in the Issue Terms.

**"Knock-in Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**"Knock-in Event"** means the Knock-in Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Knock-in Level or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Issue Terms,

**"Knock-in Level"** means the level, amount, number or percentage specified as such in the Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

**"Knock-in Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Range"** means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**"Knock-in Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.



**"Knock-out Determination Day"** means the date(s) as specified in the Issue Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Event"** means the Knock-out Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Knock-out Level or (B) within or outside the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Issue Terms,

**"Knock-out Level"** means the level, amount, number or percentage specified as such in the Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

**"Knock-out Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Range"** means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

**"Knock-out Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**"Market Disruption Event"** means:

- (a) in respect of a Composite Index either:
  - (i)
    - (a) the occurrence or existence, in respect of any Component Security, of:
      - (1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger

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respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;

- (2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
  - (3) an Early Closure in respect of such Component Security; and
- (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20% or more of the level of such Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of: (1) a Trading Disruption; (2) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the Valuation Time in respect of the Related Exchange; or (3) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market opening data; and

- (b) in the case of Indices other than Composite Indices, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

**"Maximum Stock Loan Rate"** means, in respect of a security comprised in an Index, the Maximum Stock Loan Rate specified in the Issue Terms.

**"Observation Date"** means each date specified as an Observation Date in the Issue Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to Omission, Postponement or Modified

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Postponement, as specified in the Issue Terms, contained in the definition of Averaging Date shall apply *mutatis mutandis* as if references in such provisions to Averaging Date were to Observation Date.

**"Observation Period"** means the period specified as the Observation Period in the Issue Terms.

**"Related Exchange"** means, in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or each exchange or quotation system specified as such for such Index in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), **provided that** where All Exchanges is specified as the Related Exchange in the Issue Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**"Relevant Level"** means, subject as referred to in relation to Averaging Date, Observation Date, Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day as the case may be in the case of an Index, an amount equal to the official closing level of the Index or, in relation to a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the Issue Terms, the level of the Index determined by the Calculation Agent as set out in the Issue Terms at the Valuation Time on (i) if Averaging is not specified in the Issue Terms, the relevant Settlement Level Date, or (ii) if Averaging is specified in the Issue Terms, each Averaging Date.

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours subject as provided in Valuation Time below.

**"Scheduled Trading Day"** means either (i) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (ii) in the case of a Basket of Indices, (a) Scheduled Trading Day (All Indices Basis) or (b) Scheduled Trading Day (Per Index Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Issue Terms, **provided that** if no such specification is made in the Issue Terms, Scheduled Trading Day (All Indices Basis) shall apply.

**"Scheduled Trading Day (All Indices Basis)"** means (i) in respect of each Index which is not a Composite Index, any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of each Composite Index, any day on which (a) the Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

**"Scheduled Trading Day (Cross Asset Basis)"** means, in respect of a basket of assets, any day on which (i) in respect of each Index which is not a Composite Index, each relevant Exchange and each Related Exchange (if any) in respect of each such Index is scheduled to be open for trading during its regular trading session, and (ii) in respect of each Composite Index, (a) the relevant Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading during its regular trading session which, in each case, is also a Scheduled Trading Day under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions, as applicable.

**"Scheduled Trading Day (Per Index Basis)"** means:

- (a) in respect of an Index other than a Composite Index, any day on which the relevant Exchange and Related Exchange in respect of such Index are scheduled to be open for trading for their respective regular trading session(s); and

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- (b) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to publish the level of such Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

**"Scheduled Trading Day (Single Index Basis)"** means any day on which (i) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of a Composite Index (a) the relevant Index Sponsor is scheduled to publish the level of such Composite Index and (b) the relevant Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**"Screen Page"** means the page specified in the Issue Terms, or any successor page or service thereto.

**"Settlement Cycle"** means, in respect of an Index, the period of Clearance System Business Days following a trade in the securities comprising such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"Settlement Level"** means, and subject as referred to in Automatic Early Redemption Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or Valuation Date, as the case may be:

- (a) in the case of Index Linked Notes relating to a single Index, (i) if Averaging is not specified in the Issue Terms, the Relevant Level for the relevant Settlement Level Date, or (ii) if Averaging is specified in the Issue Terms, the arithmetic mean of the Relevant Levels of the Index on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and
- (b) in the case of Index Linked Notes relating to a Basket of Indices, (i) if Averaging is not specified in the Issue Terms, the Relevant Level for the relevant Settlement Level Date, or (ii) if Averaging is specified in the Issue Terms, the arithmetic mean of the Relevant Levels of the Basket of Indices on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

**"Settlement Level Date"** means the Automatic Early Redemption Valuation Date, Strike Date, Knock-in Determination Day or Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

**"Specified Maximum Days of Disruption"** means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Issue Terms.

**"Strike Date"** means the Strike Date specified in the Issue Terms as may be adjusted in accordance with the definition of "Valuation Date" below.

**"Strike Day"** means each date specified as such in the applicable Issue Terms.

**"Strike Period"** means the period specified as the Strike Period in the Issue Terms.

**"Trading Disruption"** means:

- (a) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to securities that comprise 20% or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange; and
- (b) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of

## ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

**"Valuation Date"** means the Coupon Valuation Date, Strike Date, the Automatic Early Redemption Valuation Date and/or the Redemption Valuation Date, as the case may be, specified in the Issue Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Level by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (b) in the case of Index Linked Notes relating to a Basket of Indices, the Valuation Date for each Index, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Index forming part of the Basket of Indices unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day in respect of Index of the Basket of Indices. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Index of the Basket of Indices, notwithstanding the fact that such day is a Disrupted Day with respect to any Index, and (ii) the Calculation Agent shall determine the Settlement Level using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

**"Valuation Time"** means:

- (a) the Coupon Valuation Time or the Valuation Time, as the case may be, specified in the Issue Terms; or
- (b) if not specified in the Issue Terms:
  - (i) in the case of a Composite Index, means in respect of such Index: (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (B) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or

## ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

- (ii) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Coupon Valuation Time or Valuation Time, as the case may be, is after the actual closing time for its regular trading session, then the Coupon Valuation Time or Valuation Time, as the case may be, shall be such actual closing time.

"**Weighting**" means the weighting to be applied to each item comprising the Basket of Indices as specified in the Issue Terms.

### 8. **Index Disclaimer**

The Index Linked Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Notes. The Issuer shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

**ANNEX 3**  
**ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES**

*If specified as applicable in the Issue Terms, the terms and conditions applicable to Equity Linked Notes shall comprise the General Conditions and the additional terms and conditions for Equity Linked Notes set out below (the "**Equity Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between the Equity Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

**1. Disrupted Day**

The Calculation Agent shall give notice as soon as practicable to the Issuer, the relevant Paying Agent and the Noteholders in accordance with General Condition 12 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Automatic Early Redemption Valuation Date, an Averaging Date, a Knock-in Determination Day or a Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

**2. Depositary Receipts**

(a) Application of Depositary Receipt provisions

If "Depositary Receipt provisions" are specified as applicable in the Issue Terms, for the purposes of these Equity Linked Conditions in relation to each relevant Depositary Receipt:

- (i) references to "**Share**" or "**Shares**" shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company or Basket Company to which the relevant Depositary Receipts specified in the Issue Terms relate;
- (ii) references to "**Exchange**" shall, in the context of the ordinary shares or other relevant equity securities of the Share Company or Basket Company, be deemed to be references to the Share Exchange specified in the Issue Terms;
- (iii) references to "**Share Company**" or "**Basket Company**" shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;
- (iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 3;
- (v) "a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares"; and
- (vi) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 5:
  - (A) a Termination; and
  - (B) an Adjustment Event.

(b) Definitions specific to Depositary Receipts

"**Adjustment Event**" means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or Basket Company or any party having influence over such terms and conditions) or the Depositary Receipts are converted

into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

**"Depositary Receipt"** means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company or Basket Company, as specified in the Issue Terms, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 3 and 4.

**"Termination"** means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being given by the Share Company or Basket Company to the depositary of the Shares to withdraw or surrender the Shares.

3. **Potential Adjustment Events and Extraordinary Events**

(a) Potential Adjustment Events

(i) **"Potential Adjustment Event"** means any of the following:

- (A) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (B) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (C) an extraordinary dividend as determined by the Calculation Agent;
- (D) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (E) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (F) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (G) any adjustment effected as a result of any shareholder rights plan or arrangement as described in 3(a)(i)(D) above; or
- (H) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative or other effect on the theoretical value of the relevant Shares.



## ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

- (ii) "**Potential Adjustment Event Effective Date**" means, in respect of a Potential Adjustment Event, the date on which such Potential Adjustment Event is announced by the relevant Basket Company or Share Company, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion.
  - (iii) Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (**provided that** no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange ("**Exchange Based Adjustment**") to options on the Shares traded on that options exchange.
  - (iv) Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall, other than where Exchange Based Adjustment applies notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12, stating the occurrence of the Potential Adjustment Event, giving details thereof and the adjustment to be taken in relation thereto, **provided that** any failure to give or non-receipt of such notice will not affect the validity of such Potential Adjustment Event or Potential Adjustment Event Effective Date or the adjustment in relation thereto.
- (b) Extraordinary Events

The occurrence of any of De-Listing, Insolvency, Merger Event, Nationalisation, Tender Offer (unless Tender Offer is specified as not applicable in the Issue Terms), or, if specified as applicable in the Issue Terms, Illiquidity, Listing Change or Listing Suspension, as the case may be, shall be deemed to be an "**Extraordinary Event**", the consequences of which are set forth below:

"**De-Listing**" means, in respect of any relevant Shares, that the Exchange announces pursuant to the rules of such Exchange, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"**Illiquidity**" means, in respect of Equity Linked Notes that, in the determination of the Calculation Agent, during any period of five consecutive Scheduled Trading Days falling after the Issue Date (the "**Relevant Period**"), (a) the difference between the bid prices and the ask prices in respect of any relevant Share during the Relevant Period is greater than 1% (on average), and/or (b) the average purchase price or the average selling price, (each of (a) and (b) determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period), in relation to the purchase or sale of Shares with a value equal to or greater than EUR 10,000.00 (or its equivalent in any other currency as determined by the Calculation Agent at such time and by reference to such sources as it determines appropriate), is greater than MID plus 1% of MID (in relation to a purchase of Shares) or lower than the MID minus 1% of MID (in relation to

## ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

a sale of Shares). For these purposes, "**MID**" means an amount equal to (a) the sum of the bid price and the ask price, in each case for the relevant Share at the relevant time, (b) divided by two.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

"**Listing Change**" means, in respect of any relevant Shares, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the listing compartment or the relevant market of the Exchange on which such Shares were listed, traded or publicly quoted on the Issue Date, for any reason (other than a Merger Event or Tender Event or where this is a De-Listing).

"**Listing Suspension**" means, in respect of any relevant Shares, that the listing of such Shares on the Exchange has been suspended (other than where this is a De-Listing).

"**Merger Event**" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event, in each case if the relevant Extraordinary Event Effective Date is on or before (a) in the case of Cash Settled Notes, the latest of the last occurring Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or Valuation Date or, where Averaging is specified in the Issue Terms, the final Averaging Date or (b) in the case of Physically Settled Notes, the relevant Maturity Date.

"**Nationalisation**" means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 30% and less than 100% (the "**Percentage Range**") of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

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(c) Consequences of the occurrence of an Extraordinary Event:

If an Extraordinary Event occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) (if applicable), (v) or, in the case of Notes relating to a Basket of Shares only, (vi) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms to account for the relevant Extraordinary Event, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange. In addition, in relation to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares in accordance with the provisions of sub-paragraph (vi) below;

(ii) in the case of Equity Linked Notes relating to a Basket of Shares, redeem the Notes in part by giving notice to Noteholders in accordance with General Condition 12. If the Notes are so redeemed in part the portion (the "**Redeemed Amount**") of each Note representing the affected Share(s) shall be redeemed and the Issuer will:

pay to each Noteholder in respect of each Note held by him an amount equal to the fair market value of the Redeemed Amount, taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and

require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms to account for such redemption in part. For the avoidance of doubt the remaining part of each Note after such cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12;

(iii) unless Delayed Redemption on the Occurrence of an Extraordinary Event is specified as being applicable in the Issue Terms, on giving notice to Noteholders in accordance with General Condition 12, redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Extraordinary Event Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12;

(iv) if Delayed Redemption on the Occurrence of an Extraordinary Event is specified as being applicable in the Issue Terms, require the Calculation Agent to calculate the Calculated Extraordinary Event Amount as soon as practicable following the occurrence of the relevant Extraordinary Event (the "**Calculated Extraordinary Event Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Extraordinary Event Amount plus interest accrued on the Calculated

## ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

Extraordinary Event Amount on a daily basis from and including the Calculated Extraordinary Event Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount;

- (v) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physically Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (vi) on or after the relevant Extraordinary Event Effective Date, require the Calculation Agent to adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each, a "**Substitute Share**") for each Share (each, an "**Affected Share**") of each Basket Company (each, an "**Affected Basket Company**") which is affected by such Extraordinary Event and the Substitute Share will be deemed to be a "**Share**", and the issuer of such shares a "**Basket Company**", for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, **provided that** in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected Share, the relevant Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Initial Price} = A \times (B/C)$$

where:

"**A**" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected Share; and

"**C**" is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary Event Effective Date.

## ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must satisfy the following criteria, in the sole and absolute discretion of the Calculation Agent:

- (A) where the relevant Extraordinary Event is a Merger Event or a Tender Offer and the relevant share is not already included in the Basket of Shares, the relevant share shall be an ordinary share of the entity or person (other than the Affected Basket Company) involved in the Merger Event or the making of the Tender Offer, that is, or that as of the relevant Extraordinary Event Effective Date (i) is promptly scheduled to be, publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and (ii) is not subject to any currency exchange controls, trading restrictions or other trading limitations; or
- (B) where (A) above does not apply, including in the case of an Extraordinary Event other than a Merger Event or a Tender Offer:
  - (1) the issuer of the share shall, to the extent possible, belong to the same economic sector as the Affected Basket Company and shall not already be included in the Basket of Shares; and
  - (2) the issuer of the share shall, to the extent possible, have a comparable market capitalisation, international standing and exposure as the Affected Basket Company in respect of the Affected Share.

Upon the occurrence of an Extraordinary Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable, and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 stating the occurrence of the Extraordinary Event, giving details thereof and the action proposed to be taken in relation thereto, including, in the case of a Share Substitution, the identity of the Substitute Shares and the Substitution Date, **provided that** any failure to give, or non-receipt of, such notice will not affect the validity of any such Extraordinary Event or the proposed action.

#### 4. **Correction of Share Price**

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the price of a Share, if the relevant price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Exchange within the number of days equal to the Share Correction Period of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the price of a Share will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

#### 5. **Additional Disruption Events**

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or if applicable (iii) or, in the case of Notes linked to a Basket of Shares only, (iv) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions,

## ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

these Equity Linked Conditions and/or the Issue Terms to account for the Additional Disruption Event and determine the effective date of that adjustment;  
or

- (ii) unless Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Issue Terms, redeem the Notes by giving notice to Noteholders in accordance with General Condition 12. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Disruption Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12; or
- (iii) if Delayed Redemption on Occurrence of Additional Disruption Event is specified as being applicable in the Issue Terms, require the Calculation Agent to calculate the Calculated Additional Disruption Amount as soon as practicable following the occurrence of the Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued on the Calculated Additional Disruption Amount on a daily basis from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater its nominal amount; or
- (iv) in the case of Notes linked to a Basket of Shares, require Calculation Agent to adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each a "**Substitute Share**") for each Share (each an "**Affected Share**") which is affected by the Additional Disruption Event and the Substitute Share will be deemed to be a "**Share**" and the issuer of such shares a "**Basket Company**" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physically Settled Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Issue Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, **provided that** in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected Share, the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Initial Price} = A \times (B/C)$$

where:

"**A**" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected Share; and

"**C**" is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice

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referred to below which may, but need not, be the relevant date of the Additional Disruption Event.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

- (i) is not already included in the Basket of Shares;
  - (ii) the Issuer of such share belongs to the same economic sector as the Basket Company in respect of the Affected Share; and
  - (iii) the Issuer of such share has a comparable market capitalisation, international standing and exposure as the Basket Company in respect of the Affected Share.
- (b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 12 stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto, **provided that** any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

### 6. Knock-in Event and Knock-out Event

- (a) This Equity Linked Condition 6 is applicable only if:
- (i) Knock-in Event is specified as applicable in the Issue Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or
  - (ii) Knock-out Event is specified as applicable in the Issue Terms, in which case any payment under the relevant Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.
- (b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; **provided that** if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.
- (c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins or ends at the time at which the price of the Share would otherwise have triggered the Knock-in Event or the Knock-out Event, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, **provided that** if, by operation of this provision no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination period, the Knock-in Period Ending

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Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

### 7. **Automatic Early Redemption Event**

If "**Automatic Early Redemption Event**" is specified as applicable in the Issue Terms, then, unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Issue Terms, an Automatic Early Redemption Event occurs, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period, as applicable and the Issuer shall redeem each Note of a nominal amount equal to the Calculation Amount at an amount equal to the relevant Automatic Early Redemption Amount.

### 8. **Definitions**

"**Additional Disruption Event**" means any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Stop-Loss Event and/or Loss of Stock Borrow, in each case if specified in the Issue Terms.

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

"**Automatic Early Redemption Amount**" an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Payout set out in the Issue Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Issue Terms, or if such date is not a Business Day, the next following Business Day and no Noteholder shall be entitled to any interest or further payment in respect of any such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Automatic Early Redemption Price,

(i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Issue Terms.

"**Automatic Early Redemption Payout**" is as specified in the applicable Issue Terms.

"**Automatic Early Redemption Price**" means the price, amount, percentage or number specified as such in the Issue Terms, subject to adjustment as provided in these Equity Linked Conditions.

"**Automatic Early Redemption Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Equity Linked Conditions.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Issue Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day



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unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Issue Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Issue Terms.

"**AER Value**" has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

"**Averaging Date**" means each date specified as an Averaging Date in the Issue Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) If "**Omission**" is specified as applying in the Issue Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price **provided that** if through the operation of this provision no Averaging Dates would occur, then the provisions of the definition of Valuation Date will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the Issue Terms, then the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the Issue Terms then:
  - (i) where the Notes are Equity Linked Notes relating to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined in (iii) below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below;
  - (ii) where the Notes are Equity Linked Notes relating to a Basket of Shares, the Averaging Date for each Share shall be the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares. If the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of every Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below; and

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- (iii) for the purposes of these Terms and Conditions, "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not occur.

"**Basket Company**" means each company specified as such in the Issue Terms and

"**Basket Companies**" means all such companies.

"**Basket of Shares**" means (i) a basket composed of Shares of each Basket Company specified in the Issue Terms in the Weightings or numbers of Shares of each Basket Company specified in the Issue Terms.

"**Change of Law**" means that, on or after the Trade Date (as specified in the Issue Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant Share.

"**Clearance System Business Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Coupon Valuation Time**" means the time specified as such in the applicable Issue Terms.

"**Disrupted Day**" means any Scheduled Trading Day on which:

- (a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;
- (b) a Market Disruption Event has occurred; or
- (c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Issue Terms for (i) Equity Linked Notes and (ii) Index Linked Notes and/or Fund Linked Notes, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Fund Linked Conditions.

"**Early Closure**" means the closure on any Exchange Business Day of relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the "**Valuation Time**" on such Exchange Business Day.

"**Exchange**" means, in respect of a Share, each exchange or quotation system specified as such for such Share in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means either (i) in the case of a single Share, Exchange Business Day (Single Share Basis) or (ii) in the case of a basket of Shares or other assets, (a) Exchange Business

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Day (All Shares Basis) or (b) Exchange Business Day (Per Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Issue Terms.

**"Exchange Business Day (All Shares Basis)"** means, in respect of a Basket of Shares, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading in respect of all Shares comprised in the Basket of Shares during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Cross Asset Basis)"** means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is open for trading during its regular trading session (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or the Fund Linked Conditions.

**"Exchange Business Day (Per Share Basis)"** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Share is open for trading during its respective regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Single Share Basis)"** means any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time.

**"Exchange Disruption"** means, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

**"Extraordinary Event Effective Date"** means, in respect of an Extraordinary Event, the date on which such Extraordinary Event occurs, as determined by the Calculation Agent in its sole and absolute discretion.

**"Failure to Deliver"** means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

**"Hedging Disruption"** means that the Issuer or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Hedging Shares"** means the number of Shares that the Issuer or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

**"Increased Cost of Hedging"** means that the Issuer or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer, issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

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**"Increased Cost of Stock Borrow"** means that the Issuer or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

**"Initial Stock Loan Rate"** means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the Issue Terms.

**"Insolvency Filing"** means that a Share Company or Basket Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

**"Knock-in Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**"Knock-in Event"** means the Knock-in Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Knock-in Price or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Issue Terms,

**"Knock-in Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Price"** means the price, amount, percentage or number specified as such in the Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

**"Knock-in Range"** means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**"Knock-in Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

**"Knock-out Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Event"** means the Knock-out Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Knock-out Price or (B) within or outside the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Issue Terms,

**"Knock-out Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Price"** means the price, amount, percentage or number specified as such in the Issue Terms subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

**"Knock-out Range"** means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

**"Knock-out Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**"Market Disruption Event"** means, in relation to Equity Linked Notes relating to a single Share or a Basket of Shares, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent in its sole and absolute discretion, determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant Share triggers respectively the occurrence of the Knock-in Event or the Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

**"Maximum Stock Loan Rate"** means, in respect of a Share, the Maximum Stock Loan Rate specified in the Issue Terms.

**"Observation Date"** means each date specified as an Observation Date in the Issue Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to Omission, Postponement or Modified

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Postponement, as the case may be, contained in the definition of Averaging Date shall apply *mutatis mutandis* as if references in such provisions to Averaging Date were to Observation Date.

**"Observation Period"** means the period specified as the Observation Period in the Issue Terms.

**"Related Exchange"** means, in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), **provided that** where **"All Exchanges"** is specified as the Related Exchange in the Issue Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**"Relevant Price"** means, subject as referred to in relation to any Automatic Early Redemption Valuation Date, Averaging Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be, in the case of a Share, an amount equal to the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Issue Terms) quoted on the relevant Exchange for such Share on (i) if Averaging is not specified in the Issue Terms, the relevant Settlement Price Date, or (ii) if Averaging is specified in the Issue Terms, the relevant Averaging Date or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Issue Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Issue Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Issue Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide.

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours subject as provided in Valuation Time below.

**"Scheduled Trading Day"** means either (i) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (ii) in the case of a Basket of Shares, (a) Scheduled Trading Day (All Shares Basis) or (b) Scheduled Trading Day (Per Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Issue Terms.

**"Scheduled Trading Day (All Shares Basis)"** means, in respect of a Basket of Shares, any day on which each Exchange and each Related Exchange are scheduled to be open for trading in respect of all Shares comprised in the Basket of Shares for their respective regular trading sessions.

**"Scheduled Trading Day (Cross Asset Basis)"** means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is scheduled to be open for trading for its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Fund Linked Conditions, as applicable.

**"Scheduled Trading Day (Per Share Basis)"** means in respect of a Basket of Shares, any day on which the relevant Exchange and Related Exchange in respect of such Share are scheduled to be open for trading for their respective regular trading sessions.

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**"Scheduled Trading Day (Single Share Basis)"** means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

**"Scheduled Valuation Date"** means, in respect of a Share, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**"Screen Page"** means the page specified in the Issue Terms, or any successor page or service thereto.

**"Settlement Cycle"** means, in respect of a Share, the period of Clearance System Business Days following a trade in the Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

**"Settlement Price"** means, subject as referred to in relation to any Automatic Early Redemption Valuation Date, Averaging Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be:

- (a) in the case of Equity Linked Notes relating to a single Share, (A) if Averaging is not specified in the Issue Terms, the Relevant Price for the relevant Settlement Price Date, or (B) if Averaging is specified in the Issue Terms, the arithmetic mean of the Relevant Prices of the Share on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and
- (b) in the case of Equity Linked Notes relating to a Basket of Shares, (A) if Averaging is not specified in the Issue Terms, the Relevant Price for the relevant Settlement Price Date, or (ii) if Averaging is specified in the Issue Terms, the arithmetic mean of the Relevant Prices for each Share in the Basket of Shares on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

**"Settlement Price Date"** means any Automatic Early Redemption Valuation Date, Coupon Valuation Date, Strike Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be.

**"Shares"** and **"Share"** mean in the case of an issue of Notes relating to a Basket of Shares, each share and, in the case of an issue of Notes relating to a single Share, the share specified in the Issue Terms and related expressions shall be construed accordingly.

**"Share Company"** means, in the case of an issue of Notes relating to a single Share, the company that has issued such Share.

**"Share Correction Period"** means (i) the period specified in the Issue Terms, or (ii) if none is so specified, one Settlement Cycle.

**"Specified Maximum Days of Disruption"** means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Issue Terms.

**"Stop-Loss Event"** means, in respect of a Share, the price of any Share as quoted on the relevant Exchange for such Share at any time or the Scheduled Closing Time, as specified in the Issue Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, is less than 5%, or such percentage specified in the Issue Terms, of its Strike Price or, if no Strike Price is stipulated in the Issue Terms, the price given as the benchmark price for such Share in the Issue Terms, all as determined by the Calculation Agent.

**"Strike Date"** means the Strike Date specified in the Issue Terms as may be adjusted in accordance with the definition of "Valuation Date" below.

**"Strike Day"** means each date specified as such in the applicable Issue Terms.

**"Strike Period"** means the period specified as the Strike Period in the Issue Terms.

## ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

**"Trading Disruption"** means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Share or (b) in futures or options contracts relating to such Share on any relevant Related Exchange.

**"Valuation Date"** means the Coupon Valuation Date, Strike Date and/or Redemption Valuation Date, as the case may be, specified in the Issue Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Equity Linked Notes relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the Issue Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or
- (b) in the case of Equity Linked Notes relating to a Basket of Shares, the Valuation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Shares forming part of the Basket of Shares unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to any Share of the Basket of Shares. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Share of the Basket of Shares, notwithstanding the fact that such day is a Disrupted Day with respect to any Share, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the relevant affected Share, the level or value as applicable, determined in the manner set out in the Issue Terms, and, in the case of a Share, a price determined in the manner set out in the Issue Terms or, if not set out or if not practicable, using its good faith estimate of the value for the affected Share as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

**"Valuation Time"** means Coupon Valuation Time or the Valuation Time, as the case may be, specified in the Issue Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued **provided that** if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Coupon Valuation time or the Valuation Time, as the case may be, shall be such actual closing time.

**"Weighting"** means the weighting to be applied to each item of the Basket of Shares as specified in the Issue Terms.



ANNEX 4

ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

*If specified as applicable in the Issue Terms, the terms and conditions applicable to Inflation Linked Notes shall comprise the General Conditions and the additional terms and conditions for Inflation Linked Notes set out below (the "Inflation Linked Conditions"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between the General Conditions and the Inflation Linked Conditions, the Inflation Linked Conditions shall prevail. In the event of any inconsistency between the Inflation Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Inflation Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail. In the event of any inconsistency in the provisions of Inflation Linked Condition 3 and the other provisions of these Inflation Linked Conditions, the provisions of Inflation Linked Condition 3 shall prevail.*

1. **Delay in Publication**

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Index has occurred, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation of any payment under the Notes and/or any other determination to be made in respect of the Notes (the "**Substitute Inflation Index Level**") shall be determined by the Calculation Agent (subject to Inflation Linked Condition 1(b) below), as follows:

- (a) if Related Bond is specified as applicable in the 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 relevant Related Bond; or
- (b) if (i) Related Bond is not specified as applicable in the relevant Issue Terms, or (ii) the Calculation Agent is not able to determine a Substitute Inflation Index Level under (a) above for any reason, then the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

Substitute Inflation Index Level = Base Level × (Latest Level/Reference Level),

where:

"**Base Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined.

"**Latest Level**" means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined.

"**Reference Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

The Issuer shall promptly give notice to Noteholders in accordance with General Condition 12 of any Substitute Inflation Index Level calculated pursuant to this Inflation Linked Condition 1.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the Issue Terms, then, subject as provided in Inflation Linked Condition 3 such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Linked Condition 1 will be the definitive level for that Reference Month.

2. **Successor Index**

If the Calculation Agent determines that the level of an Index has not been published by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the

## ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

Calculation Agent shall determine a successor index (a "**Successor Index**") (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

- (a) if Related Bond is specified as applicable in the Issue Terms, the Calculation Agent shall determine a Successor Index by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (b) if (x) Related Bond is not specified as applicable in the Issue Terms or (y) a Related Bond Redemption Event is specified as applying in the Issue Terms and has occurred and Fallback Bond is not specified as applicable in the Issue Terms, the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be deemed the Successor Index for the purposes of the Notes from the date that such replacement Index comes into effect;
- (c) if no Successor Index has been determined under paragraphs (a) or (b) above the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If at least four responses are received, and of those responses, three or more leading independent dealers state the same index, such index will be deemed the Successor Index. If three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the Successor Index. If fewer than three responses are received by the Cut-Off Date or no Successor Index is determined pursuant to this provision, the Calculation Agent will apply the provisions of paragraph (d) below;
- (d) if no Successor Index has been determined pursuant to paragraphs (a), (b) or (c) above, by the next occurring Cut-Off Date, subject as provided below, the Calculation Agent will determine an appropriate alternative index as of such Cut-Off Date for such affected Determination Date, and such index will be deemed a Successor Index for the purposes of the Notes; or
- (e) if the Calculation Agent cannot determine an appropriate alternative index pursuant to sub-paragraphs (a) to (d) above, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to Noteholders by the Issuer in accordance with General Condition 12.

### 3. **Adjustments**

#### (a) Successor Index

If a Successor Index is determined in accordance with Inflation Linked Condition 2, the Calculation Agent may make any adjustment or adjustments (without limitation) to any amount payable under the Notes and/or any other relevant term of the Notes as the Calculation Agent deems necessary to account for this. The Issuer shall give notice to the Noteholders of any such adjustment in accordance with General Condition 12.

#### (b) Substitute Inflation Index Level

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with Inflation Linked Condition 1, the Issuer may make any adjustment or adjustments (without limitation) to (x) the Substitute Inflation Index Level determined in accordance with Index Linked Condition 1 and/or (y) any amount payable under the Notes and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the Noteholders of any such adjustment in accordance with General Condition 12.

## ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

- (c) Index Level Adjustment Correction
- (i) The first publication or announcement of the Relevant Level (excluding any "flash" or other estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Inflation Linked Condition 3(c)(ii) and (iii) below, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP National- Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Relevant Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination Date will be valid and the revised Relevant Level for the relevant Reference Month will be deemed to be the final and conclusive Relevant Level for such Reference Month. The Issuer shall give notice to the Noteholders of any valid revision in accordance with General Condition 12.
- (ii) If, within 30 days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to any amount payable under the Notes and/or any other relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the Noteholders of any such adjustment and/or amount in accordance with General Condition 12.
- (iii) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Inflation Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Inflation Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) request the Issuer to make any adjustment to any amount payable under the Notes and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the Noteholders of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with General Condition 12.

(d) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Notes Currency (whether relating to its convertibility; into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to any amount payable under the Notes, and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to such amount and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the Noteholders of any such adjustment in accordance with General Condition 12.

(e) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the Relevant Level from the date of such rebasing; **provided, however, that** the Calculation Agent may make (A) if Related Bond is specified as applicable in the 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 not specified

as 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 Index before it was rebased and in each case the Issuer may make any adjustment(s) to any amount payable under the Notes and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither **(A)** nor **(B) above** would produce a commercially reasonable result, the Calculation Agent may redeem each Note on a date notified by the Issuer to Noteholders in accordance with General Condition 12 at its fair market value, as determined by the Calculation Agent as at the date of redemption taking into account the rebasing less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with General Condition 12.

(f) Index Modification

(i) If on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the Issue Terms, make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is not specified as applicable in the Issue Terms or a Related Bond Redemption Event has occurred make only those adjustments to the Index, any Relevant Level and/or any other term of the Notes (including, without limitation, any amount payable under the Notes), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.

(ii) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of sub-paragraph (i) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (i) above.

(g) Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes to account therefor or may redeem each Note on the date notified by the Issuer to Noteholders in accordance with General Condition 12 at its fair market value (as determined by the Calculation Agent) as at the date of redemption, taking into account the relevant Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes shall be given to Noteholders in accordance with General Condition 12.

(h) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes to account therefore) or may redeem each Note on the date notified by the Issuer to Noteholders in accordance with General Condition 12 at its fair market value (as determined by the Calculation Agent) as at the date of redemption, taking into account the Index

Cancellation, less the cost to the Issuer and/or any Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with General Condition 12.

4. **Definitions**

**"Additional Disruption Event"** means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Issue Terms.

**"Change in Law"** means that, on or after the Trade Date (as specified in the Issue Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire or dispose of any relevant hedge positions in respect of the Index for purposes of the Notes.

**"Cut-Off Date"** means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the Issue Terms.

**"Delayed Index Level Event"** means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the **"Relevant Level"**) in respect of any Reference Month which is relevant to the calculation of any payment under the Notes and/or any other determination in respect of the Notes, in each case by the related Cut-Off Date.

**"Determination Date"** means in respect of an Index and/or Index Level(s) or value(s) as the case may be, each date specified as such in the applicable Issue Terms.

**"Fallback Bond"** means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds in its discretion. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

## ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

**"Index"** means the index or indices specified in the Issue Terms or any Successor Index as determined by the Calculation Agent pursuant to Inflation Linked Condition 2 and related expressions shall be construed accordingly.

**"Index Cancellation"** means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

**"Index Modification"** means the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

**"Index Sponsor"** means the entity that publishes or announces (directly or through an agent) the level of the relevant Index which as of the Issue Date of the Notes is the Index Sponsor specified in the Issue Terms in relation to the relevant Index.

**"Rebased Index"** has the meaning given to it under Inflation Linked Condition 3 above.

**"Reference Month"** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

**"Related Bond"** means the bond (if any) specified as such in the Issue Terms. If the Related Bond specified in the Issue Terms is Fallback Bond, then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the 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 relevant Determination Date, unless "Fallback Bond Not applicable" is specified in the 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 Maturity Date, (a) the Related Bond is redeemed, repurchased or cancelled, (b) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (c) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

**"Relevant Level"** has the meaning given to it in the definition of Delayed Index Level Event.

**"Strike Date"** means each date specified as a Strike Date in the Issue Terms, subject to adjustment in accordance with these Inflation Linked Conditions.

**"Strike Day"** means each date specified as such in the applicable Issue Terms.

**"Strike Period"** means the period specified as the Strike Period in the Issue Terms.

**"Successor Index"** has the meaning given to it in under Inflation Linked Condition 2.

**"Substitute Inflation Index Level"** has the meaning given in Inflation Linked Condition 1.

**ANNEX 5**  
**ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES**

*If specified as applicable in the Issue Terms, the terms and conditions applicable to Fund Linked Notes shall comprise the General Conditions and the additional terms and conditions for Fund Linked Notes set out below (the "**Fund Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between the Fund Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Fund Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

**1. Disrupted Day in respect of Notes linked to one or more ETFs**

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 12 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, a Valuation Date, an Automatic Early Redemption Valuation Date or any Knock-in Determination Day or Knock-out Determination Day, as the case may be.

**2. Knock-in Event and Knock-out Event**

(a) This Fund Linked Condition 2 is applicable only if:

- (i) Knock-in Event is specified as applicable in the Issue Terms, then any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or
- (ii) If Knock-out Event is specified as applicable in the Issue Terms, then in which case any payment under the relevant Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Fund is an ETF and:

- (i) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, **provided that** if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Fund Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date; and
- (ii) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is any time/or period of time during the regular trading hours on the relevant Exchange other than the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, **provided that** if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-

in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Fund Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

3. **Automatic Early Redemption**

If the Fund is an ETF and Automatic Early Redemption Event is specified as applicable in the Issue Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Issue Terms, an Automatic Early Redemption Event occurs, then the Notes will, subject as provided in Fund Linked Condition 6, be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

4. **Extraordinary Fund Events**

"**Extraordinary Fund Event**" means, in the determination of the Calculation Agent, the occurrence at any time on or after the Issue Date of any of the following events and any applicable Additional Extraordinary Fund Event:

- (a) the Fund or any Fund Service Provider (iv) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (v) makes a general assignment or arrangement with or for the benefit of its creditors; (vi) (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (iii)(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; (vii) 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; (viii) 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 (ix) 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 (iv) to (viii) above;
- (b) the commencement of any investigative, judicial, administrative or other civil or criminal proceedings against the Fund, any Fund Service Provider or any key personnel of such entities, if such proceedings could (in the opinion of the Calculation Agent) have an adverse impact on a Hedge Provider's rights or obligations in relation to hedging activities in respect of the Notes;
- (c) any Fund Service Provider or other agent or entity fulfilling such role, howsoever described in the Fund Documents as at the Issue Date, ceases to act in such capacity in relation to the Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent;



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- (d) (i) any of the investment objectives, investment restrictions or investment process (howsoever described) of the Fund are modified from that set out in the Fund Documents except where such change is of a formal, minor or technical nature or (ii) a material modification of the type of assets in which the Fund invests (including but not limited to a material deviation from the investment objectives, investment restrictions or investment process (howsoever described) set out in the Fund Documents);
- (e) a material modification of the Fund (including but not limited to a modification of the Fund Documents) or a material modification of the method of calculating the NAV per Fund Share, or any change in the period or timing of the calculation or the publication of the NAV per Fund Share or the occurrence of any event which in the determination of the Calculation Agent has or may have an adverse impact on the Fund or investors in the Fund (including, without limitation, the suspension of the NAV per Fund Share), in each case other than a modification or event which does not affect the Fund Shares or the Fund or any portfolio of assets to which the Fund Share relate (either alone or in common with other Fund Shares issued by the Fund);
- (f) any Fund Service Provider fails to provide the Calculation Agent, within a reasonable time, with any information that the Calculation Agent has reasonably requested regarding the investment portfolio of the Fund;
- (g) (i) the occurrence of any event affecting a Fund Share that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of the relevant Fund Share; (ii) any failure of the Fund, or its authorised representative, to deliver, or cause to be delivered, (1) information that the Fund has agreed to deliver, or cause to be delivered to the Calculation Agent or Hedge Provider, or (2) information that has been previously delivered to any Hedge Provider or the Calculation Agent, as applicable, in accordance with the Fund's, or its authorised representative's, normal practice and that any Hedge Provider deems necessary for it or the Calculation Agent, as applicable, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the relevant Fund Share;
- (h) any of the Fund, the Fund Service Providers, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund fails for any reason to calculate and publish the NAV per Fund Share within the Number of NAV Publication Days following any date scheduled for the determination of the valuation of the Fund Shares unless the cause of such failure to publish is of a technical nature and outside the control of the entity responsible for such publication;
- (i) (i) any relevant activities of or in relation to the Fund or the Fund Service Providers are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, (ii) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of the Fund Service Providers, (iii) the Fund is required by a competent authority to redeem any Fund Shares and/or (iv) the Issuer and/or any Hedge Provider is required by a competent authority, the Fund or any other relevant entity to dispose of or compulsorily redeem any Fund Shares held in connection with any hedging arrangements relating to the Notes;
- (j) (i) the non-execution or partial-execution by the Fund for any reason of a subscription or redemption order in respect of any Fund Shares (including, for the avoidance of any doubt, any non-execution by the Fund pending completion of its fiscal audit), if such non-execution or partial execution could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (ii) the Fund otherwise suspends or refuses transfers of any of its Fund Shares as described in the Fund Documents, (iii) if applicable, the Fund ceases to be an undertaking for collective investments under the relevant jurisdiction's legislation, (iv) the Fund otherwise suspends or refuses redemptions of any of its Fund Shares (including, without limitation, if the Fund applies any gating, deferral, suspension

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or other similar provisions permitting the Fund to delay or refuse redemption or transfer of Fund Shares) as described in the Fund Documents, (v) the Fund imposes in whole or in part any restriction (including, without limitation, any redemption *in specie*), charge or fee in respect of a redemption or subscription of its Fund Shares by the Issuer or any Hedge Provider or exercises its right to claw back the proceeds already paid on redeemed Fund Shares, if in any case it could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (vi) a mandatory redemption, in whole or in part, of the Fund Shares is imposed by the Fund on any one or more holders of Fund Shares at any time for any reason or (vii) the Issuer, any Hedge Provider, or any Affiliate thereof, is required by the Fund or Fund Service Provider to redeem any Fund Shares for any reason;

- (k) the aggregate net asset value of the Fund falls below the level of the NAV Barrier;
- (l) a NAV Trigger Event occurs;
- (m) any proposal to wind up the Fund or the Fund ceases to exist or there exists any litigation against the Fund or a Fund Service Provider which in the determination of the Calculation Agent could materially affect the value of the Fund Shares;
- (n) the currency or denomination of the Fund Share is amended from that set out in the Fund Documents so that the net asset value per Fund Share is no longer calculated in the same currency as at the Trade Date;
- (o) one or more of the key individuals involved with, or having supervision over, the Fund ceases to act in such capacity, and the Fund or relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;
- (p) following the issue by a Fund of a new class or series (howsoever described in the Fund Documents) of shares, the Calculation Agent, determines that such new class or series of shares has or may have an adverse effect on the hedging activities of the Hedge Provider in relation to the Notes;
- (q) where the Notes are linked to a Fund Basket, a Basket Trigger Event;
- (r) there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge Provider in respect of the Notes (a "**Tax Event**") and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to any of its Affiliates, **provided that** the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date the Calculation Agent determines that there is no reasonable means of mitigating the Tax Event as provided above;
- (s) in connection with any hedging activities in relation to the Notes, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Issue Date, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a "**Relevant Event**") (i) it would become unlawful or impractical for the Issuer or the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider or the Issuer to adversely modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in respect of any holding of Fund Shares or that would subject a holder of the Fund Shares or the Issuer to any loss), purchase or sell any Fund Shares of the Fund or for the Issuer or the Hedge Provider to maintain such hedging arrangements,

- (ii) the cost to the Issuer or the Hedge Provider of such hedging activities would be materially increased for any reason or (iii) the Issuer and/or the Hedge Provider would be subject to a material loss and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to any of its Affiliates, **provided that** the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date the Calculation Agent determines that there is no means of mitigating the Relevant Event as provided above;
- (t) in connection with the hedging activities in relation to the Notes, if the cost to the Issuer or the Hedge Provider in relation to the Notes would be materially increased or the Issuer and/or the Hedge Provider would be subject to a material loss; or
- (u) in the case of a Fund which is an ETF, the relevant Exchange announces that pursuant to the rules of such Exchange, the relevant Fund Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange or the NASDAQ National Market System (or their respective successors) or otherwise (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

#### 5. **Consequences of an Extraordinary Fund Event**

If the Calculation Agent determines that an Extraordinary Fund Event has occurred, including any Additional Extraordinary Fund Event specified in the Issue Terms, other than in the case of an Exchange Based Adjustment, the Calculation Agent shall notify the Issuer and the Issuer shall give notice (an "**Extraordinary Event Notice**") to the Noteholders in accordance with General Condition 13 (Notices) of the occurrence of such Extraordinary Fund Event (the date on which an Extraordinary Fund Event is given, an "**Extraordinary Fund Event Notification Date**"), giving details of the Extraordinary Fund Event and the action to be taken in respect thereof.

If an Extraordinary Fund Event occurs, the Issuer in its sole and absolute discretion may take any of the actions (each an "**Extraordinary Fund Event Action**") described in subparagraphs (a) to (c) inclusive below. Subject as provided in Fund Linked Condition 6 below, if it is impossible or not reasonably practicable to effect a Substitution, or a Termination Event has occurred, the Issuer may redeem the Notes by payment of the Termination Amount on the Termination Date.

(a) **Adjustment**

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary Fund Event is to be "Adjustment", then the Calculation Agent may determine, in its sole and absolute discretion, the appropriate adjustment(s), if any, to be made to any one or more Fund, Fund Share and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Issue Terms to take account of the Extraordinary Fund Event and determine the effective date of such adjustment, **provided that**, where the Fund is an ETF, if there are any options or futures contracts on the ETF traded on the Related Exchange, the Calculation Agent may instead, in its sole and absolute discretion, make the corresponding adjustments made by any Related Exchange (an "**Exchange Based Adjustment**").

(b) **Substitution**

A "**Substitution Event**" may be deemed to have occurred if the Calculation Agent determines that any of the Extraordinary Fund Events set out in subparagraphs (a) to (p) (inclusive) of Fund Linked Condition 4 or any Additional Extraordinary Fund Event specified in the Issue Terms as being a Substitution Event occurs. Following the occurrence of a Substitution Event in respect of any Fund Store, the Calculation Agent shall:

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- (i) determine the weighted average price at which an investor can redeem the affected Fund Shares in the relevant Fund in such number as determined by the Calculation Agent in its sole and absolute discretion as soon as it is reasonably practicable after its determination of the Substitution Event;
  - (ii) for a period of not longer than 14 calendar days after the date of its determination of the Substitution Event, use reasonable efforts to substitute the relevant Fund Shares with shares, units or other similar interests in an alternative fund which, in the determination of the Calculation Agent, has similar characteristics to the relevant Fund, including but not limited to, comparable investment objectives, investment restrictions and investment processes and has service providers acceptable to the Calculation Agent;
  - (iii) if no alternative fund can be determined pursuant to the preceding sub-paragraph (ii) above, use reasonable efforts to substitute the relevant Fund with an index (or a fund tracking an index) selected by the Calculation Agent in its sole and absolute discretion; and
  - (iv) following any substitution in accordance with sub-paragraph (ii) or (iii) above (a "**Substitution**"), in its sole and absolute discretion amend such of the General Conditions, these Fund Linked Conditions and/or the Issue Terms as it determines to be appropriate to take account of such Substitution, including to ensure the weighted average price referred to in (i) above (and any consequent rise or fall in value of the affected Fund Shares since the Issue Date) is reflected in the terms of the Substitution.
- (c) Termination

A "**Termination Event**" may be deemed to have occurred in respect to any Fund or Fund Share, if the Calculation Agent determines that any of the Extraordinary Fund Events set out in sub-paragraphs (q) to (u) (inclusive) of Fund Linked Condition 4 or any Additional Extraordinary Fund Event specified in the Issue Terms and specified as being a Termination Event occurs. Upon the occurrence of a Termination Event the Issuer shall redeem all but not some only of the Notes on the Termination Date by payment to each Noteholder of the Termination Amount.

### 6. **Redemption / Termination Date Extension**

In the case of Cash Settled Notes, if on the Scheduled Maturity Date, Automatic Early Redemption Date or Termination Date, as the case may be, the Hedge Provider has not, (or is deemed to have not), after having placed one or more redemption orders in respect of its holding of Fund Shares in accordance with the terms of the relevant Fund Documents, received redemption proceeds in full in respect of all Fund Shares (the "**Redemption Proceeds**"), the Calculation Agent may notify the Holders in accordance with General Condition 12 that the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, has been postponed. As soon as practicable following receipt (or deemed receipt) by the Hedge Provider of the Redemption Proceeds the Calculation Agent shall give notice to Holders in accordance with General Condition 12 (such notice the "**Delayed Payment Notice**") and redeem the Notes on the date falling not more than five Business Days following the receipt of the Delayed Payment Notice (such date, the "**Postponed Redemption Date**") by payment to each Holder of the Final Redemption Amount, the Automatic Early Redemption Amount or the Termination Amount, as the case may be, **provided that**, if the Hedge Provider does not receive the Redemption Proceeds within the period ending on the date (the "**Delayed Payment Cut-off Date**") specified in the Issue Terms or, if not so specified, the second anniversary of the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, the Postponed Redemption Date shall be the Delayed Cut-off Date.

In the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided in General Condition 3 accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, (or, if none, the Interest Commencement Date) to (but

excluding) the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, but shall only be obliged to make such payment of interest on the Postponed Redemption Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay.

7. **Definitions**

**"Additional Extraordinary Fund Event"** means any of Change in Law, Failure to Deliver, Hedging Disruption and Increased Cost of Hedging, as specified in the Issue Terms.

**"Automatic Early Redemption Amount"** means an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Payout set out in the Issue Terms.

**"Automatic Early Redemption Date"** means each date specified as such in the Issue Terms, or if such date is not a Business Day, the immediately succeeding Business Day, **provided that** no additional amount shall be payable to Holders as a result of such delay.

**"Automatic Early Redemption Event"** means the AER Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Automatic Early Redemption Price,

(i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Issue Terms,

**"Automatic Early Redemption Payout"** is as specified in the applicable Issue Terms.

**"Automatic Early Redemption Price"** means the price, amount, percentage or number specified as such in the Issue Terms, subject to adjustment as provided in Fund Linked Condition 4 above.

**"Automatic Early Redemption Range"** means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Conditions.

**"Automatic Early Redemption Valuation Date"** means (A) in respect of a Fund other than an ETF each date specified as such in the Issue Terms and if such a date is not a Fund Business Day, the immediately following Fund Business Day and (B) each date as specified as such in the Issue Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

**"Automatic Early Redemption Valuation Period"** means each period specified as such in the Issue Terms;

**"Automatic Early Redemption Valuation Time"** has the meaning given it in the Issue Terms.

**"AER Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2 (*Value Definitions*).

**"Averaging Date"** means (A) in respect of a Fund other than an ETF each date specified as an Averaging Date in the Issue Terms or if any such date is not a Fund Valuation Date, the immediately following Fund Valuation Date, unless such immediately following day is not a Fund

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Valuation Date and (B), in the case of an ETF, each date specified as an Averaging Date in the Issue Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day;

If any such day is (i) not a Fund Valuation Date pursuant to (A) above (a "**Fund Non-Valuation Date**") or (ii) a Disrupted Day pursuant to (B) above, then:

- (a) If "**Omission**" is specified as applying in the Issue Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price or NAV per Fund Share as applicable **provided that** if through the operation of this provision no Averaging Date would occur, then (i) in respect of ETFs, the provisions of the definition of Valuation Date will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date or (ii) in respect of Funds, the Calculation Agent may, in its sole and absolute direction, take any of the Extraordinary Fund Event Actions; or
- (b) if "**Postponement**" is specified as applying in the Issue Terms, then in respect of ETFs the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date, or
- (c) if "**Modified Postponement**" is specified as applying in the Issue Terms then:
  - (i) where the Notes are Fund Linked Notes relating to a single Fund, the Averaging Date shall be the first succeeding Valid Date (as defined below). (A) In the case of an ETF, if the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of Valuation Date below and (B) in the case of a Fund that is not an ETF, if the first succeeding Valid Date has not occurred for a number of consecutive Fund Business Days equal to the Number of NAV Publication Days immediately following the original date that, but for the occurrence of such date being a Fund Non-Valuation Date or another Averaging Date, would have been the relevant Averaging Date, then, then (A) that last such consecutive Fund Business Day shall be deemed to be the Averaging Date (irrespective of whether such Fund Business Day is already an Averaging Date), and (B) the Calculation Agent in its sole and absolute direction, take any of the Extraordinary Fund Event Actions;
  - (ii) where the Notes are Fund Linked Notes relating to a Fund Basket of ETFs, the Averaging Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Fund Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Fund Share, If the first succeeding Valid Date in relation to such Fund Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Fund Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in

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accordance with sub-paragraph (b)(ii) of the definition of Valuation Date below; and

- (iii) where the Notes are Fund Linked Notes relating to a Fund Basket of Funds that are not ETFs, the Averaging Date for each Fund Share not affected by the occurrence of a Fund Non-Valuation Date shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Fund Share affected by the occurrence of a Fund Non-Valuation Date shall be the first succeeding Valid Date (as defined below) in relation to such Fund Share. If the first succeeding Valid Date has not occurred for a number of consecutive Fund Business Days equal to the Number of NAV Publication Days immediately following the Scheduled Valuation Date that, but for the occurrence of such date being a Fund Non-Valuation Date or another Averaging Date, would have been the relevant Averaging Date, then (A) that last such consecutive Fund Business Day shall be deemed to be the Averaging Date (irrespective of whether such Fund Business Day is already an Averaging Date), and (B) the Calculation Agent in its sole and absolute direction, take any of the Extraordinary Fund Event Actions; and
- (iv) for the purposes of these Fund Linked Conditions, "**Valid Date**" means (i) in respect of an ETF, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur, or in respect of a Fund that is not an ETF, a Fund Valuation Date.

"**Basket Price**" means, in respect of any Automatic Early Redemption Valuation Date, an amount determined by the Calculation Agent equal to the sum of, in respect of each Fund Share, the product of (i) the ETF Price or NAV per Fund Share as applicable in respect of such Fund Share on such Automatic Early Redemption Valuation Date and (ii) the relevant Weighting.

"**Basket Trigger Event**" means that a Substitution Event occurs in respect of one or more Funds comprising the Fund Basket which has or, in the event that a Substitution Event has occurred in respect of more than one Fund, together have, a Weighting in the Fund Basket equal to or greater than the Basket Trigger Level.

"**Basket Trigger Level**" has the meaning given to it in the Issue Terms or if not so specified, 50%

"**Calculation Date**" means (A) in the case of a Fund other than an ETF, each day(s) specified in the Issue Terms, or if not so specified, each day which is a Fund Business Day and (B) in the case of an ETF, each day(s) specified in the Issue Terms, or if not so specified, each day which is an Exchange Business Day.

"**Change in Law**" means that, on or after the Trade Date (as specified in the Issue Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Fund Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the Fund Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"**Delta-1 Termination Amount**" means, in the case of Exempt Notes only, an amount determined in accordance with the provisions specified in the Pricing Supplement.

"**Disrupted Day**" means, in the case of an ETF, any Scheduled Trading Day on which:

- (a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;
- (b) a Market Disruption Event has occurred; or

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- (c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Issue Terms for (i) Fund Linked Note and (ii) Index Linked Notes and/or Equity Linked Notes, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Equity Linked Conditions.

**"Early Closure"** means, in the case of an ETF, the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"ETF"** means any Fund specified as being an Exchange Traded Fund in the Issue Terms, or if not so specified, any Fund which the Calculation Agent determines to be an exchange traded fund.

**"ETF Price"** means, in respect of any Automatic Early Redemption Valuation Date, the price per Fund Share as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Automatic Early Redemption Valuation Date.

**"Exchange"** means, in the case of an ETF and in relation to a Fund Share, each exchange or quotation system specified as such for such Fund Share in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Share has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to such Fund Share on such temporary substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means in the case of an ETF, either (i) in the case of a single Fund Share, Exchange Business Day (Single Fund Share Basis) or (ii) in the case of a basket of Funds or other assets, (a) Exchange Business Day (All Fund Shares Basis) or (b) Exchange Business Day (Per Fund Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Issue Terms, **provided that**, if no such specification is made in the Issue Terms, Exchange Business Day (Per Fund Share Basis) shall apply.

**"Exchange Business Day (All Fund Shares Basis)"** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading session(s) notwithstanding any such Exchange or Related Exchange closing prior to its (their) Scheduled Closing Time.

**"Exchange Business Day (Cross Asset Basis)"** means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Funds comprised in the basket of assets is open for trading during its regular trading session(s) (notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or Equity Linked Conditions, as applicable.

**"Exchange Business Day (Per Fund Share Basis)"** means, in respect of a Fund Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, in respect of such Fund Share are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

**"Exchange Business Day (Single Fund Share Basis)"** means, in respect of a Fund Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

**"Exchange Disruption"** means, in the case of an ETF, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Fund Share on the Exchange



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or (ii) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Fund Share on any relevant Related Exchange.

"**Exchange Rate**", in relation to a Fund Share, shall have the meaning given in the Issue Terms.

"**Extraordinary Fund Event Effective Date**" means, in respect of an Extraordinary Fund Event, the date on which such Extraordinary Fund Event occurs, or has occurred, as determined by the Calculation Agent in its sole and absolute discretion.

"**Failure to Deliver**" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

"**Final Calculation Date**" means the date specified as such in the Issue Terms or, if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

"**Fund**" means Fund(s), or sub-Fund(s) or ETF(s) specified in the Issue Terms.

"**Fund Basket**" means a Basket comprising the Fund Shares (including, if applicable, Fund Shares in one or more ETFs) specified in the Issue Terms.

"**Fund Business Day**" has the meaning specified in the Issue Terms, or, if not so specified, (i) in respect of a single Fund other than an ETF (Single Fund Share Basis), a date (i) that is a Fund Valuation Date and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date; (ii) in respect of an ETF, each Scheduled Trading Day; (iii) in respect of a Fund Basket not comprised of Fund Shares of ETFs, either Fund Business Day (All Fund Shares Basis) or Fund Business Day (Per Fund Share Basis) as specified in the Issue Terms, **provided that**, if no such specification is made in the Issue Terms, Fund Business Day (Per Fund Share Basis) shall apply; and (iv) in respect of a Fund Basket comprised of ETFs, a day which is a Scheduled Trading Day in respect of each Fund Share comprising the Fund Basket.

"**Fund Business Day (All Fund Shares Basis)**" means with respect to a Fund Basket, a date (i) that is a Fund Valuation Date for all Fund Shares comprising the Fund Basket and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Business Day (Per Fund Share Basis)**" means with respect to a Fund Share, a date (i) that is a Fund Valuation Date in respect of such Fund Share and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Documents**" means, with respect to any Fund Share, the constitutive and governing documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund Shares specified in the Issue Terms as at the Issue Date.

"**Fund Service Provider**" means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for such Fund, whether or not specified in the Fund Documents, including any investment advisor or manager, fund adviser, fund administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the Issue Terms.

"**Fund Share(s)**" means an ownership interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest specified as such in the 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 but for the occurrence of an Extraordinary Fund Event would have been scheduled to determine the NAV per Fund Share.

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**"Hedge Provider"** means the party (being, *inter alia*, the Issuer, the Calculation Agent, an Affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Notes or where no such party actually hedges such obligations, a hypothetical investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of Fund Shares, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of Fund Shares as it (or in the case of a hypothetical investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Notes.

**"Hedging Disruption"** means that the Issuer or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the fund price risk or any other relevant price risk including but not limited to the currency risk of the Issuer, issuing and performing its obligations with respect to the Notes, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Implied Embedded Option Value"** means an amount (which may never be less than zero) equal to the present value as of the Implied Embedded Option Value Determination Date of any scheduled but unpaid payments under the Notes in respect of the period from (and including) the Extraordinary Fund Event Effective Date to (and including) the Exercise Date or Expiration Date, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion but, notwithstanding anything to the contrary contained herein, taking into account, without limitation, such factors as the net proceeds actually received from the redemption or sale of any Fund Shares by the Hedge Provider, the volatility of the Fund Shares and any transaction costs.

**"Implied Embedded Option Value Determination Date"** means the date determined by the Calculation Agent to be the earlier of (i) the date on which the Hedge Provider receives redemption proceeds in full in respect of its holding of Fund Shares or (ii) the Delayed Payment Cut-off Date.

**"Increased Cost of Hedging"** means that the Issuer or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, fund price risk, foreign exchange risk and interest rate risk) of the Issuer, issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Initial Calculation Date"** means the date specified as such in the Issue Terms, or if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

**"Knock-in Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Fund Business Day during the Knock-in Determination Period.

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**"Knock-in Event"** means the Knock-in Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Knock-in Price or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Issue Terms,

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**"Knock-in Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Fund Business Day, the next following Fund Business Day.

**"Knock-in Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Fund Business Day, the next following Fund Business Day.

**"Knock-in Price"** means the price, amount, percentage or number specified as such in the Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Condition.

**"Knock-in Range"** means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Conditions

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**"Knock-in Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

**"Knock-out Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Fund Business Day during the Knock-out Determination Period.

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Event"** means the Knock-out Value is (A):

- (i) greater than,
- (ii) greater than or equal to,
- (iii) less than or
- (iv) less than or equal to

the Knock-out Price or (B) within or outside the Knock-out Range (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Issue Terms.

**"Knock-out Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Fund Business Day, the next following Fund Business Day.

**"Knock-out Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Fund Business Day, the next following Fund Business Day.

**"Knock-out Price"** means the price, amount, percentage or number specified as such in the applicable Issue Terms, subject to adjustment from time to time in accordance with this Fund Linked Condition 2.

**"Knock-out Value"** has the meaning given to it in the Issue Terms, being a term defined in the Payout Condition 5.2.

**"Knock-out Range"** means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in Fund Linked Condition 1 (Disrupted Day in respect of Notes linked to one or more ETFs) and Fund Linked Condition 4 (Extraordinary Fund Events)]

## ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the Issue Terms or, in the event that the Issue Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

**"London Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

**"Market Disruption Event"** means, if the Fund is an ETF, in respect of a Fund Share the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant Fund Share triggers, respectively, the occurrence of the Knock-in Event or Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

**"NAV Barrier"** has the meaning given to it in the Issue Terms.

**"NAV Trigger Event"** means, in respect of any Fund Shares, that (i) the NAV per Fund Share has decreased by an amount equal to, or greater than, the NAV Trigger Percentage(s) at any time during the related NAV Trigger Period; or (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any other contractual restriction binding on or affecting the Fund or any of its assets.

**"NAV Trigger Percentage"** means the percentage specified in the Issue Terms or, if not so specified, 50%

**"NAV Trigger Period"** means the period specified in the Issue Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date.

**"NAV per Fund Share"** means, subject as referred to in Averaging Date, with respect to the relevant Fund Share and a Fund Valuation Date:

- (a) in respect of a single Fund, (i) if Averaging is not specified in the Issue Terms, (A) (i) the net asset value per Fund Share of such Fund Shares as of the relevant Fund Valuation Date, or (B), if the Fund Service Provider of the Fund publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant Calculation Date as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares divided by the relevant number of Fund Shares issued and outstanding on the related Fund Valuation Date, each of (A) or (B) as reported by the Fund Service Provider that generally publishes or reports such value on behalf of the Fund to its investors or a publishing service; or (ii) if Averaging is specified in the Issue Terms, the arithmetic mean of the net asset values per Fund Share, (determined in accordance with either (A) or (B) of the foregoing sentence) of such Fund Shares on each Averaging Date; and
- (b) in respect of a Fund Basket, (i) if Averaging is not specified in the Issue Terms, (A) the net asset value per Fund Share for each Fund Share in the Fund Basket as of the relevant Fund Valuation Date, or (B), if the Fund Service Provider of the Fund in relation to a Fund in the Fund Basket publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant Calculation Date for such Fund as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares for such Fund divided by the relevant number of Fund Shares issued by such Fund and outstanding on the related Fund Valuation Date, or (ii) if Averaging is specified in the Issue Terms, the arithmetic mean, for each Fund Share in the Fund Basket of the net asset values per Fund Share for each Fund in the Fund Basket (determined in accordance with either (A) or (B) of the foregoing sentence) relating to such Fund Shares on each Averaging Date.

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**"Non-Principal Protected Termination Amount"** means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount determined by the sum of:

- (a) the Implied Embedded Option Value; and
- (b) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the Issue Terms, the Simple Interest or otherwise zero.

**"Number of NAV Publication Days"** means the number of calendar days specified in the Issue Terms, being the maximum number of days after the due date for publication or reporting of the NAV per Fund Share after which the Fund Service Provider or any entity fulfilling such role, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund, may remedy any failure to publish or report the NAV per Fund Share before the Calculation Agent may determine that an Extraordinary Fund Event has occurred.

**"Observation Date"** means either (i) in the case of a Fund Share other than ETF each date specified as an Observation Date in the Issue Terms, or if any such date is not a Fund Business Day, the immediately following Fund Business Day and (ii) in the case of a ETF, each date specified as an Observation Date in the Issue Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply mutatis mutandis as if references in such provisions to "Averaging Date" were to "Observation Date".

**"Observation Period"** means the period specified as the Observation Period in the Issue Terms.

**"Principal Protected Termination Amount"** means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount determined by the sum of:

- (a) the Protected Amount;
- (b) the Implied Embedded Option Value; and
- (c) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the Issue Terms, the Simple Interest.

**"Protected Amount"** means the amount specified as such in the Issue Terms.

**"Related Exchange"** means, in the case of an ETF and in relation to a Fund Share, each exchange or quotation system specified as such for such Fund Share in the Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Fund Share has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Fund Share on such temporary substitute exchange or quotation system as on the original Related Exchange), **provided that** where All Exchanges is specified as the Related Exchange in the Issue Terms, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Fund Share.

**"Scheduled Trading Day"** means either (i) in the case of a single ETF and in relation to a Fund Share, Scheduled Trading Day (Single Fund Share Basis) or (ii) in the case of a basket of Funds which are ETFs or other assets, (a) Scheduled Trading Day (All Fund Shares Basis) or (b) Scheduled Trading Day (Per Fund Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Issue Terms, **provided that**, if no such specification is made in the Issue Terms, Exchange Business Day (Per Fund Share Basis) shall apply.

**"Scheduled Trading Day (All Fund Share Basis)"** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

**"Scheduled Trading Day (Cross Asset Basis)"** means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Funds comprised in the basket of assets is scheduled to be open for trading during its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Equity Linked Conditions, as applicable.

**"Scheduled Trading Day (Per Fund Share Basis)"** means, in respect of a Fund Share, any day on which the relevant Exchange and the relevant Related Exchange in respect of such Fund Share are scheduled to be open for trading during their respective regular trading session(s).

**"Scheduled Trading Day (Single Fund Share Basis)"** means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

**"Scheduled Valuation Date"** means any day which but for the occurrence of a Disrupted Day would have been a Valuation Date.

**"Settlement Price"** means, subject as referred to in relation to any Valuation Date or Averaging Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be in the case of an ETF, an amount equal to the official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or an Averaging Date, as the case may be, if so specified in the Issue Terms) quoted on the relevant Exchange for such Fund Share on (a) if Averaging is not specified in the Issue Terms, the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Issue Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Issue Terms) cannot be so determined and the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Issue Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Issue Terms) for the Fund Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Fund Share or on such other factors as the Calculation Agent shall decide).

**"Settlement Price Date"** means any Automatic Early Redemption Valuation Date, Coupon Valuation Date, Strike Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be.

**"Simple Interest"** means an amount calculated by the Calculation Agent equal to the amount of interest that would accrue on the Implied Embedded Option Value during the period from (and including) the Implied Embedded Option Value Determination Date to (and including) the Final Calculation Date calculated on the basis that such interest were payable by the Floating Rate Payer under an interest rate swap transaction incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. under which:

- (a) the Effective Date is the Implied Embedded Option Value Determination Date;
- (b) the Termination Date is the Termination Date;

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- (c) the Floating Rate Payer Payment Date is the Termination Date;
- (d) the Floating Rate Option is EUR-EURIBOR-Reuters (if the Specified Notes Currency is EUR) or ICE LIBOR (if the Specified Notes Currency is USD);
- (e) the Designated Maturity is 3 months;
- (f) the Simple Interest Spread is as specified in the Issue Terms, or if not so specified minus 0.125%;
- (g) the Floating Rate Day Count Fraction is Actual/360;
- (h) the Reset Date is the Implied Embedded Option Value Determination Date and each date falling three calendar months after the previous Reset Date; and
- (i) Compounding is Inapplicable, **provided that** if the final Compounding Period is less than 3 months Linear Interpolation applies.

**"Specified Maximum Days of Disruption"** means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Issue Terms.

**"Spread"** is as specified in the Issue Terms.

**"Strike Date"** means (i) in the case of a Fund other than an ETF, the Strike Date or Initial Calculation Date specified as such in the applicable Issue Terms or, if such day is not a Fund Business Day, the immediately succeeding Fund Business Day and (ii) in the case of a ETF the Strike Date specified in the Issue Terms, as may be adjusted in accordance with the definition of "Valuation Date" below.

**"Strike Day"** means each date specified as such in the applicable Issue Terms.

**"Strike Period"** means the period specified as the Strike Period in the Issue Terms.

**"Termination Amount"** means (i) in the case of Exempt Notes only, the Delta-1 Termination Amount; (ii) the Principal Protected Termination Amount or (iii) the Non-Principal Protected Termination Amount as specified in the Issue Terms.

**"Termination Date"** means (i) the date determined by the Issuer and specified in the notice given to the Noteholders in accordance with these Fund Linked Conditions.

**"Trading Disruption"** means, in the case of an ETF and in relation to a Fund Share, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise (i) relating to the Fund Share on the Exchange; or (ii) in futures or options contracts relating to the Fund Share on any relevant Related Exchange.

**"Valuation Date"** means, in the case of Fund Linked Notes relating to one or more ETF, the Coupon Valuation Date, Strike Date and/or Redemption Valuation Date, as the case may be, specified in the Issue Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Fund Linked Notes relating to a single Fund Share of an ETF, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

**ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES**

- (b) in the case of Fund Linked Notes relating to a basket of Fund Shares of one or more ETFs, the Valuation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Fund Share affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

"**Valuation Time**" in the case of an ETF and in relation to a Fund Share means either (i) the close of trading on the Exchange or (ii) as otherwise specified in the Issue Terms.

"**Weighting**", in relation to a Fund Share, has the meaning given in the Issue Terms.



ANNEX 6

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

*If specified as applicable in the Issue Terms, the terms and conditions applicable to Foreign Exchange (FX) Rate Linked Notes shall comprise the General Conditions and the additional terms and conditions for Foreign Exchange (FX) Rate Linked Notes set out below (the "**Foreign Exchange (FX) Rate Linked Note Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between the General Conditions and the Foreign Exchange (FX) Rate Linked Note Conditions, the Foreign Exchange (FX) Rate Linked Note Conditions shall prevail. In the event of any inconsistency between the Foreign Exchange (FX) Rate Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Foreign Exchange (FX) Rate Linked Note Conditions and (ii) the Issue Terms, the Issue Terms, shall prevail.*

1. **Non-EM Valuation and Disruption Provisions**

The provisions of this Foreign Exchange (FX) Rate Linked Condition 1 apply unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of a Subject Currency in the Issue Terms.

(a) **Disruption Events**

The occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be a "**Disruption Event**":

- (i) Price Source Disruption;
- (ii) Illiquidity Disruption;
- (iii) Dual Exchange Rate;
- (iv) General Inconvertibility;
- (v) General Non-Transferability;
- (vi) Material Change in Circumstance;
- (vii) Nationalisation; or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (vii) above (inclusive).

(b) **Consequences of a Disruption Event**

Upon a Disruption Event occurring or continuing on any Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply the applicable Disruption Fallback in determining the consequences of the Disruption Event.

"**Disruption Fallback**" means a source or method that may give rise to an alternative basis for determining the Settlement Price when a Disruption Event occurs or exists on a day that is an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the Price Source). The Calculation Agent shall take the relevant actions specified in either (i), (ii) or (iii) below.

- (i) if an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day is a Disrupted Day, the Calculation Agent will determine that the relevant Averaging Date or Settlement Price Date, as the case

may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (in the case of the Strike Date or Valuation Date) or Valid Date (in the case of an Averaging Date, Observation Date, Knock-In Determination Day or Knock-Out Determination Day) unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the originally scheduled Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be, is a Disrupted Day in which case the Calculation Agent may determine that the last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be (irrespective, in the case of an Averaging Date, Observation Date, Knock-In Determination Day or Knock-Out Determination Day, of whether that last consecutive Scheduled Trading Day is already an Averaging Date, Observation Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be) and may determine the Settlement Price by using commercially reasonable efforts to determine a Settlement Price as of the Valuation Time on the last such consecutive Scheduled Trading Day taking into consideration all available information that in good faith it deems relevant; or

- (ii) if an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being not applicable in the Issue Terms, on giving notice to Noteholders in accordance with General Condition **12**, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with General Condition **12**; or
- (iii) if an Averaging Date, any Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being applicable in the Issue Terms, the Calculation Agent shall calculate the fair market value of each Note less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Foreign Exchange (FX) Disruption Amount**") as soon as practicable following the occurrence of the Disruption Event (the "**Calculated Foreign Exchange (FX) Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Foreign Exchange (FX) Disruption Amount plus interest accrued on the Calculated Foreign Exchange (FX) Disruption Amount on a daily basis from and including the Calculated Foreign Exchange (FX) Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount.

## 2. **EM Currency Valuation and Disruption Provisions**

The provisions of this Foreign Exchange (FX) Rate Linked Condition (b) apply where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of a Subject Currency in the Issue Terms.

### (a) **EM Disruption Events**

If so specified in the Issue Terms, the occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be an "**EM Disruption Event**":

- (i) Price Source Disruption;
- (ii) Illiquidity Disruption;
- (iii) Dual Exchange Rate;
- (iv) General Inconvertibility;
- (v) General Non-Transferability;
- (vi) Material Change in Circumstance;
- (vii) Nationalisation;
- (viii) Price Materiality; and/or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (viii) above (inclusive).

The Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with General Condition 12 of the occurrence of a Disrupted Day on any day that but for the occurrence of the Disrupted Day would have been an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be.

(b) **Consequences of an EM Disruption Event**

Upon an EM Disruption Event occurring or continuing on any Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant EM FX Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply in determining the consequences of the EM Disruption Event: (a) EM Calculation Agent Determination where the applicable EM Disruption Event is other than Price Source Disruption or Price Materiality; and (b) the applicable EM Disruption Fallback where the applicable EM Disruption Event is a Price Source Disruption or Price Materiality.

(c) **Unscheduled Holiday**

If the Calculation Agent determines that a date that would otherwise have been a Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day is an Unscheduled Holiday in respect of a Subject Currency, then such date shall be the immediately succeeding Scheduled Trading Day after the occurrence of the Unscheduled Holiday, subject as provided above, and **Provided that** if such Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, has not occurred on or before the EM Maximum Days of Postponement then the next Scheduled Trading Day after such period that would have been a Scheduled Trading Day but for the Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Price shall be determined by the Calculation Agent on such day in its sole discretion acting in good faith having taken into account relevant market practice and by reference to such additional source(s) as it deems appropriate.

(d) **Cumulative Events**

If "Cumulative Events" is specified as applicable in the Issue Terms in respect of a Settlement Currency then, in no event shall the total number of consecutive calendar days during which a Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day is deferred due to either (i) an Unscheduled Holiday or (ii) an EM Valuation Postponement (or a combination of both (i) and (ii)) exceed the EM Maximum Cumulative Days of Postponement in the aggregate. If a Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the

case may be, is postponed by the number of calendar days equal to the EM Maximum Cumulative Days of Postponement and at the end of such period (i) an Unscheduled Holiday shall have occurred or be continuing on the day immediately following such period (the "**Final Day**"), then such Final Day shall be deemed to be the Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, and (ii) if a Price Source Disruption shall have occurred or be continuing on the Final Day, then Valuation Postponement shall not apply and the Settlement Price shall be determined in accordance with the next applicable EM Disruption Fallback.

(e) **Postponement of payment or settlement days**

Where any Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day is postponed as a consequence of the provisions of this Foreign Exchange (FX) Rate Linked Condition 2, then the corresponding date for payment or delivery of any assets shall fall on the later of (a) in the case of Exempt Notes only, the date for such payment or delivery otherwise determined in accordance with the Pricing Supplement and (b) the day falling the EM Number of Postponement Settlement Days specified in the Issue Terms (or, if none are so specified, two Business Days) after the last occurring Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be.

3. **Knock-in Event and Knock-out Event**

(a) **This Foreign Exchange (FX) Rate Linked Condition 3 is applicable only:**

(i) If "Knock-in Event" is specified as applicable in the Issue Terms, in which case any payment under the Notes which is expressed in the Conditions to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If "Knock-out Event" is specified as applicable in the Issue Terms, in which case any payment under the Notes which is expressed in the Conditions to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is the Valuation Time or, as the case may be, EM Valuation Time and if a Disruption Event or an EM Disruption Event would otherwise have occurred on any Knock-in Determination Day or Knock-out Determination Day, then, unless otherwise specified in the Issue Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Issue Terms is any time or period of time other than the Valuation Time or, as the case may be, EM Valuation Time during the regular trading hours for the Base Currency, Subject Currency and/or Subject Currencies and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time at which a Knock-in Event or Knock-out Event would otherwise have occurred, a Disruption Event or an EM Disruption Event occurs or exists, then, unless otherwise specified in the Issue Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

4. **Automatic Early Redemption Event**

If "Automatic Early Redemption Event" is specified as applicable in the Issue Terms, then, unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Issue Terms, an Automatic Early Redemption Event occurs, all but not some only of the Notes will be automatically redeemed

on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Period, as applicable, and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

5. **Consequences of an Additional Disruption Event**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 12. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 12.

6. **Definitions**

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Issue Terms.

"**Automatic Early Redemption Amount**" means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the Automatic Early Redemption Payout set out in the applicable Issue Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Issue Terms, or if such date is not a Business Day, the next following Business Day and no Noteholder shall be entitled to any interest or further payment in respect of any such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Automatic Early Redemption Level, (i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Issue Terms.

"**Automatic Early Redemption Level**" means the price, level, amount, percentage or value specified as such or otherwise determined in the Issue Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1 and Foreign Exchange (FX) Rate Linked Condition 2.

"**Automatic Early Redemption Payout**" is as specified in the applicable Issue Terms.

"**Automatic Early Redemption Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Issue Terms or, if such date is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined

in accordance with this sub-paragraph (b) is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Redemption Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means the period specified as such in the applicable Issue Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the applicable Issue Terms.

"**AER Value**" has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.1.

"**Averaging Date**" means the dates specified as such in the Issue Terms or, if any such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

"**Base Currency**" means the currency specified as such in the Issue Terms.

"**Change in Law**" means that, on or after the Trade Date (as specified in the Issue Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

"**Dual Exchange Rate**" means that any of the Base Currency, Subject Currency and/or Subject Currencies, splits into dual or multiple currency exchange rates.

"**Disrupted Day**" means any Scheduled Trading Day on which the Calculation Agent determines that a Disruption Event or EM Disruption Event has occurred.

"**EM Disruption Fallback**" means a source or method that may give rise to an alternative basis for determining the Settlement Price when an EM Disruption Event occurs or exists on a day that is an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the EM FX Price Source) being, in respect of a Subject Currency, any of EM Calculation Agent Determination, EM First Fallback Reference Price, EM Second Fallback Reference Price and EM Valuation Postponement, as so specified in the Issue Terms for such Subject Currency. Where more than one EM Disruption Fallback is so specified then such EM Disruption Fallbacks shall apply in the order in which they are specified in the Issue Terms until the Settlement Price can be determined for such exchange rate relating to that Settlement Currency for such Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day.

Where:

- (a) "**EM Calculation Agent Determination**" means that the Calculation Agent shall determine the Settlement Price taking into consideration all information that it deems relevant.

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- (b) **"EM First Fallback Reference Price"** means that the Calculation Agent shall determine the Settlement Price by reference to the applicable First Fallback Reference Price and, for which purpose, references in the definition of Settlement Price to "EM FX Price Source", "EM Valuation Time" and "EM Number of Settlement Days" shall be construed, respectively, to be to "First Fallback EM FX Price Source", "First Fallback Valuation Time" and "First Fallback EM Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Issue Terms).
- (c) **"EM Second Fallback Reference Price"** means that the Calculation Agent shall determine the Settlement Price by reference to the applicable Second Fallback Reference Price and, for which purpose, references in the definition of Settlement Price to "EM FX Price Source", "EM Valuation Time" and "EM Number of Settlement Days" shall be construed, respectively, to be to "Second Fallback EM FX Price Source", "Second Fallback Valuation Time" and "Second Fallback EM Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Issue Terms).
- (d) **"EM Valuation Postponement"** means that the Settlement Price shall be determined on the immediately succeeding Scheduled Trading Day which is not a Disrupted Day unless the Calculation Agent determines that no such Scheduled Trading Day which is not a Disrupted Day has occurred on or before the day falling the EM Maximum Days of Postponement following the originally designated Averaging Date, Valuation Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be. In such event, the Settlement Price shall be determined on the next Scheduled Trading Day after the EM Maximum Days of Postponement (notwithstanding the fact that day may be a Disrupted Day) in accordance with the next applicable EM Disruption Fallback.

**"EM FX Price Source"** means, in respect of a Subject Currency, the price source(s) specified as such in the Issue Terms (or any successor to such price source(s) as determined by the Calculation Agent).

**"EM Maximum Cumulative Days of Postponement"** means the number of days specified as such in the Issue Terms or, if no such number is specified, 30 calendar days.

**"EM Maximum Days of Postponement"** means the number of days specified as such in the Issue Terms or, if no such number is specified, 30 calendar days.

**"EM Number of Settlement Days"** means, in respect of a Subject Currency, the number of days on which commercial banks are open (or, but for the occurrence of an EM Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the or each Settlement Day Centre specified as such in the Issue Terms (each, an **"EM Settlement Day"**). Where no such number or zero is so specified, then such rate shall be for settlement on the same day.

**"EM Price Materiality Percentage"** means the percentage specified as such in the Issue Terms or, if no such percentage is specified, 3%

**"EM Primary Rate"** means, in respect of a Subject Currency, the rate specified as such for such Subject Currency in the Issue Terms.

**"EM Secondary Rate"** means, in respect of a Subject Currency, the rate specified as such for such Subject Currency in the Issue Terms.

**"EM Valuation Time"** means, unless otherwise specified in the Issue Terms, the time at which the EM FX Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

**"General Inconvertibility"** means the occurrence of any event that generally makes it impossible to convert a Subject Currency into the Base Currency in a Subject Currency Jurisdiction through customary legal channels.

**"General Non-Transferability"** means the occurrence of any event that generally makes it impossible to deliver (A) the Base Currency from accounts inside a Subject Currency Jurisdiction

to accounts outside a Subject Currency Jurisdiction or (B) the Subject Currency between accounts inside a Subject Currency Jurisdiction or to a party that is a non-resident of a Subject Currency Jurisdiction.

**"Governmental Authority"** means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

**"Illiquidity Disruption"** means the occurrence of any event in respect of any of the Base Currency, Subject Currency and/or Subject Currencies whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge its obligations under the Notes (in one or more transaction(s)) on the relevant Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day (or, if different, the day on which rates for such Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day would, in the ordinary course, be published or announced by the relevant Price Source or EM FX Price Source).

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Knock-in Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Scheduled Trading Day during the Knock-In Determination Period.

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**"Knock-in Event"** means the Knock-in Value is (A):

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Knock-in Level (x) or (B) within or outside the Knock-in Range on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Issue Terms.

**"Knock-in Level"** means the FX Knock-in Level or the price, level, amount, percentage or value specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1(a) and Foreign Exchange (FX) Rate Linked Condition 1(b).

**"Knock-in Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-In Period Beginning Date Scheduled Trading Day Convention is specified as applicable in



the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-In Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Range"** means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1 (Non-EM Valuation and Disruption Provisions) or, as the case may be, Foreign Exchange (FX) Linked Condition 2 (EM Currency Valuation and Disruption Provisions).

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time or, as the case may be, EM Valuation Time.

**"Knock-in Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

**"Knock-out Determination Day"** means the date(s) specified as such in the Issue Terms, or otherwise each Scheduled Trading Day during the Knock-Out Determination Period.

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Event"** means the Knock-out Value is (A):

- (i) greater than,
- (ii) greater than or equal to,
- (iii) less than or
- (iv) less than or equal to,

the Knock-out Level or (B) within or outside the Knock-out Range, (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Issue Terms.

**"Knock-out Level"** means the price, level, amount, percentage or value specified as such or otherwise determined in the Issue Terms, subject to adjustment in accordance with Foreign Exchange (FX) Linked Rate Condition 1(a) and Foreign Exchange (FX) Rate Linked Condition 1(b).

**"Knock-out Period Beginning Date"** means the date specified as such in the Issue Terms or, if the Knock-Out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Period Ending Date"** means the date specified as such in the Issue Terms or, if the Knock-Out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Issue Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Range"** means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Issue Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1 (Non-EM Valuation and Disruption Provisions) or, as the case may be, Foreign Exchange (FX) Linked Condition 2 (EM Currency Valuation and Disruption Provisions).

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the Issue Terms or in the event that the Issue Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time or, as the case may be, EM Valuation Time.

**"Knock-out Value"** has the meaning given to it in the Issue Terms, being a term defined in Payout Condition 5.2.

**"Material Change in Circumstance"** means the occurrence of any event (other than those events specified as Disruption Events or, as the case may be, EM Disruption Events) in the Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Notes which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

**"Nationalisation"** means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the Subject Currency Jurisdiction.

**"Observation Date"** means the dates specified as such in the Issue Terms or, if any such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is the Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

**"Price Materiality"** means that, in the determination of the Calculation Agent, the EM Primary Rate differs from any EM Secondary Rate by at least the EM Price Materiality Percentage or if there are insufficient responses on the relevant Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day to any survey used to calculate any such rate, then the EM Price Materiality Percentage will be deemed to be met.

**"Price Source"** means the published source, information vendor or provider containing or reporting the rate or rates from which the Settlement Price is calculated as specified in the Issue Terms.

**"Price Source Disruption"** means that it becomes impossible to obtain the rate or rates from which the Settlement Price is calculated.

**"Relevant Screen Page"** means the relevant page specified as such in the Issue Terms or any successor to such page or service acceptable to the Calculation Agent.

**"Scheduled Trading Day"** means:

- (a) where EM Foreign Exchange (FX) Rate Provisions are specified as not applicable in respect of a Subject Currency, a day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the principal financial centre of each of the Base Currency and the Subject Currency or Subject Currencies. In the case of euro, for these purposes, the principal financial centre shall be deemed to mean each of Frankfurt and Brussels; and
- (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of a Subject Currency, a day on which commercial banks are open (or, but for the occurrence of an EM Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign

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exchange market) in the or each EM Scheduled Trading Day Jurisdiction specified in the Issue Terms **Provided that** where the Subject Currency is BRL, then notwithstanding the foregoing, if the Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day falls on a date that, as the Trade Date, is not a scheduled day on which commercial banks are open (or, but for the occurrence of an EM Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in New York City (an "**NYC Business Day**"), then no adjustment to such date shall be made on account of the fact that such date is not an NYC Business Day.

**"Settlement Price"** means, subject as referred to in Foreign Exchange (FX) Rate Linked Notes Condition 1 or Foreign Exchange (FX) Rate Linked Notes Condition 1(b) above, as the case may be:

- (a) in the case of Foreign Exchange (FX) Rate Linked Notes relating to a basket of Subject Currencies and in respect of a Subject Currency:
  - (i) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Issue Terms, the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Issue Terms, the relevant Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day or (b) if Averaging is specified in the Issue Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Weighting; or
  - (ii) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Issue Terms, the rate of exchange appearing on the EM FX Price Source at the EM Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Issue Terms, the relevant Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Issue Terms, an Averaging Date, for the exchange of such Subject Currency per one unit of the Base Currency for settlement on the EM Number of Settlement Days, multiplied by the relevant Weighting; and
- (b) in the case of Foreign Exchange (FX) Rate Linked Notes relating to a single Subject Currency:
  - (i) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Issue Terms, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Issue Terms, the relevant Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Issue Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and

offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent); or

- (ii) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Issue Terms, the rate of exchange appearing on the EM FX Price Source at the EM Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Issue Terms, the relevant Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day or (b) if Averaging is specified in the Issue Terms, an Averaging Date, for the exchange of such Subject Currency per one unit of the Base Currency for settlement on the EM Number of Settlement Days.

**"Settlement Price Date"** means the Automatic Early Redemption Valuation Date, Coupon Valuation Date, Strike Date, Observation Date or Valuation Date, as the case may be.

**"Specified Maximum Days of Disruption"** means the number of days specified in the Issue Terms, or if not so specified, five Scheduled Trading Days.

**"Strike Date"** means the Strike Date specified in the Issue Terms or, if such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) (Consequences of a Disruption Event) or, or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

**"Strike Day"** means each date specified as such in the applicable Issue Terms.

**"Strike Period"** means the period specified as the Strike Period in the Issue Terms.

**"Subject Currency"** means the currency(ies) specified as such in the Issue Terms (together, **"Subject Currencies"**).

**"Subject Currency Jurisdiction"** means each country for which the relevant Subject Currency is the lawful currency.

**"Unscheduled Holiday"** means a day that is not a Scheduled Trading Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in the principal financial centre of the Subject Currency two Scheduled Trading Days prior to the relevant scheduled Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day.

**"Valid Date"** means, in respect of an Averaging Date or an Observation Date or Knock-In Determination Day or Knock-Out Determination Day, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date or Observation Date or Knock-In Determination Day or Knock-Out Determination Day, respectively, does not occur.

**"Valuation Date"** means any Coupon Valuation Date and/or Redemption Valuation Date, as the case may be, specified in the Issue Terms or, if such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the

**ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES**

provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Issue Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

**"Valuation Time"** means, unless otherwise specified in the Issue Terms, the time at which the Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

**"Weighting"** means, in relation to a Subject Currency, the percentage specified as such in the Issue Terms.

**ANNEX 7**  
**ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES**

*If specified as applicable in the Issue Terms, the terms and conditions applicable to Credit Linked Notes shall comprise the General Conditions and the additional terms and conditions for Credit Linked Notes set out below (the "**Credit Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Issue Terms and subject to completion in the Issue Terms. In the event of any inconsistency between the General Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Credit Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

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

In the case of Credit Linked Notes for which more than one Reference Entity is specified in the Issue Terms, all references to "the Reference Entity" herein shall be construed to refer to the Reference Entity in respect of which the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly.

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

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

Credit Linked Notes may take the form of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes or Linear Basket Credit Linked Notes. In the case of Linear Basket Credit Linked Notes, the Notes may be either Non-Tranched ("**Non-Tranched Linear Basket Credit Linked Notes**") to which either Credit Payment on Maturity or Credit Payment As You Go will apply or Tranched ("**Tranched Linear Basket Credit Linked Notes**"). The Issue Terms shall specify:

- (a) the type of Credit Linked Notes;
- (b) the Settlement Method (if applicable) and, where Auction Settlement applies, the applicable Fallback Settlement Method;
- (c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur;
- (d) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (e) the Trade Date and the Scheduled Maturity Date;
- (f) the Reference Entity Notional Amount (if applicable) in respect of each Reference Entity; and
- (g) the Transaction Type applicable to each Reference Entity if Physical Settlement Matrix is specified as being applicable in the Issue Terms.

Certain elections in respect of Credit Linked Notes and one or more Reference Entities may be made by specifying that the Physical Settlement Matrix is applicable in the Issue Terms. In this case the provisions of Credit Linked Condition 20 apply.

The application of any of Credit Linked Conditions 6, 7, 8, 9 or 11 below shall, for the avoidance of doubt, not preclude the application of any other such Credit Linked Condition either contemporaneously or subsequently and in the event that any such provisions are inconsistent or the Calculation Agent becomes entitled to exercise a discretion under one or more of such provisions, the Calculation Agent may elect in its discretion which provision shall apply and under which provision or provisions it shall exercise its discretion.

1. **Redemption of Credit Linked Notes**

- (a) Unless previously redeemed or purchased and cancelled and **provided that** a Credit Event Determination Date has not occurred in respect of any Reference Entity, the Issuer shall redeem each Credit Linked Note on the Maturity Date by payment of the Final Redemption Amount. If a Credit Event Determination Date has occurred in respect of any Reference Entity, the Issuer shall redeem each Credit Linked Note as described below. References in these Credit Linked Conditions to a Credit Linked Note or Note are to a nominal amount of Credit Linked Notes equal to the Calculation Amount. Any payment of a "*pro rata*" amount in respect of a Note will be determined by reference to its nominal amount relative to the then aggregate nominal amount of Notes.
- (b) Where the Notes are Single Reference Entity Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to the Reference Entity, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable or, if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (g) below will apply.
- (c) Where the Notes are First-to-Default Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to any of the specified Reference Entities, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, in relation only to the First Reference Entity (as defined in the definition of Credit Event Determination Date) or, if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (g) below will apply.
- (d) Where the Notes are Nth-to-Default Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to one or more of the specified Reference Entities notwithstanding any provision to the contrary in these Credit Linked Conditions, no settlement in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, or interest adjustment in accordance with Credit Linked Condition 5 will occur until such time as a Credit Event Determination Date has occurred in respect of the Relevant Number of Reference Entities (a "**Trigger**"). The Reference Entity in respect of which a Credit Event Determination Date has occurred which causes the Trigger to occur is referred to as the "**Triggering Reference Entity**" and the Relevant Number is the number specified as such in the Issue Terms. As of the day on which the Calculation Agent determines that a Credit Event Determination Date has occurred in respect of the Relevant Number of Reference Entities then (i) Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply in relation only to the Triggering Reference Entity and the Credit Event Determination Date will be deemed to have occurred only as of such day for the purposes of the provisions set out in General Condition **3(g)** or (ii) if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (g) below will apply.
- (e) Where the Notes are Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment on Maturity applies or Tranched Linear Basket Credit Linked Notes, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity: (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with General Condition **12** and (ii) in respect of each Credit Linked Note:
- (A) the interest calculation basis described in paragraph (i) below will apply; and
- (B) each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date, subject as provided in paragraph (h) below.

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

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

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

In respect of Tranched Linear Basket Credit Linked Notes and for the avoidance of doubt, where a Credit Event Determination Date has occurred with respect to a number of Reference Entities that is equal to or less than L (as defined below), then the Credit Event Redemption Amount will be par.

- (f) Where the Notes are Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity: (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with General Condition **12** and (ii) in respect of each Credit Linked Note:
- (A) the Issuer shall pay as an Instalment Amount for the purposes of General Condition **5(j)** an amount equal to the relevant Credit Event Amount, if any, on the relevant Credit Event Payment Date which will be the relevant Instalment Date;
  - (B) the interest calculation basis described in paragraph (i) below will apply; and
  - (C) each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date, **provided that** if on or prior to the Credit Event Redemption Date a Credit Event Determination Date has occurred in respect of all the specified Reference Entities each Credit Linked Note will be redeemed (together with accrued interest, if any) at the final Credit Event Amount on the final Credit Event Payment Date, subject as provided in paragraph (h) below.

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

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

- (g) Where the Notes are Zero/Set Recovery Notes then if a Credit Event Determination Date has occurred in respect of any Reference Entity (in the case of Single Reference Entity Credit Linked Notes, Linear Basket Credit Linked Notes or First-to-Default Credit Linked Notes) or in respect of the Triggering Reference Entity (in the case of Nth-to-Default Credit Linked Notes) then (i) following a Credit Event Determination Date in respect of any such Reference Entity the provisions of Credit Linked Conditions 2, 3 or 4 will not apply but each Single Reference Entity Credit Linked Note, First-to-Default Credit Linked Note and Nth-to-Default Credit Linked Note will be redeemed by payment of the Credit Event Redemption Amount, if any, on the Credit Event Redemption Date together with accrued interest, if any, and (ii) each Linear Basket Credit Linked Note may be redeemed (or otherwise) as provided in paragraph (e) or (f) above, as applicable and/or paragraph (h) below, if applicable.
- (h) Where any Credit Event Redemption Amount is or would be zero (whether the Notes are Zero/Set Recovery Notes or otherwise) then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Credit Event Redemption Date or, if other, the day on which it is determined that the Credit Event Redemption Amount is or would be, were it to be so calculated in respect of such day, be zero with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.



## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

- (i) In the case of Linear Basket Credit Linked Notes, each Note will bear interest pursuant to, and in accordance with, General Condition 3, **provided that** for the purposes of determining the interest amounts payable, the provisions set out in Credit Linked Condition 5 will not apply and instead the aggregate outstanding nominal amount of the Notes shall be deemed to be the Adjusted Credit Outstanding Nominal Amount or, in the case of each of General Condition 3(a)(ii) or 3(b)(v)(ii), the Calculation Amount shall be deemed to be each Note's *pro rata* share of the Adjusted Credit Outstanding Nominal Amount, in each case on the relevant Interest Payment Date or the relevant date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9 or 11.
- (j) For these purposes "**Adjusted Credit Outstanding Nominal Amount**" means, on any Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9, or 11:
- (A) in the case of Non-Tranched Linear Basket Credit Linked Notes (i) the aggregate outstanding nominal amount minus (ii) the product of (a) the aggregate outstanding nominal amount and (b) a fraction with (x) the original aggregate Reference Entity Notional Amounts of Reference Entities in respect of which a Credit Event Determination Date has occurred on or prior to the relevant Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9 or 11, as the case may be, as numerator and (y) the original aggregate Reference Entity Notional Amounts of the original number of Reference Entities to which the Notes related, in each case as of the Issue Date of the first Tranche of the Notes, as denominator; or
- (B) in the case of Tranched Linear Basket Credit Linked Notes, an amount determined by the Calculation Agent by reference to the following formula:
- $$\text{aggregate outstanding nominal amount} * \left( 1 - \left( \frac{1}{H-L} \right) * \text{Min} \left[ H - L; \text{Max} [N - L; 0] \right] \right)$$
- Where,
- "H" means the higher tranche level, expressed as a number of Reference Entities as specified in the Issue Terms;
- "L" means the lower tranche level, expressed as a number of Reference Entities as specified in the Issue Terms; and
- "N" means the number of Reference Entities for which a Credit Event Determination Date has occurred.
- (k) For the avoidance of doubt the provisions of Credit Linked Conditions 6, 7, 8, 9 and 11 may each apply to First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes meaning that the Maturity Date may be delayed beyond the Scheduled Maturity Date in certain circumstances.
- (l) If any purchase and cancellation of Notes occurs under General Condition 5(h) or any further issue under General Condition 11, the Calculation Agent will make such adjustments to the applicable Issue Terms and/or these Credit Linked Conditions as it determines appropriate (including Reference Entity Notional Amounts) to ensure the Notes continue to reflect economic intentions.

## 2. Auction Settlement

- (a) Where Auction Settlement is specified as the applicable Settlement Method in the Issue Terms and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Noteholders in accordance with General Condition 12, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

the Credit Event Redemption Amount in the relevant Specified Notes Currency on the Credit Event Redemption Date.

- (b) Unless settlement has occurred in accordance with the paragraph above, if:
- (i) an Auction Cancellation Date occurs;
  - (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
  - (iii) a DC Credit Event Question Dismissal occurs; or
  - (iv) a Credit Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred in respect of the relevant Credit Event on or prior to the date falling three Business Days after such Credit Event Determination Date,
- then:
- (x) if Fallback Settlement Method – Cash Settlement is specified as applicable in the Issue Terms, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 3 below; or
  - (y) if Fallback Settlement Method – Physical Delivery is specified as applicable in the Issue Terms, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 4 below.

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

### 3. Cash Settlement

If a Credit Event Determination Date has occurred, then where Cash Settlement is specified as the applicable Settlement Method in the Issue Terms or if Credit Linked Condition 2(b)(x) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with General Condition 12, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Notes Currency on the Credit Event Redemption Date.

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

### 4. Physical Settlement

If a Credit Event Determination Date has occurred, then where Physical Delivery is specified as the applicable Settlement Method in the Issue Terms or if Credit Linked Condition 2(b)(y) above applies, then, subject to any prior redemption, the Issuer shall, following the receipt of a Calculation Agent Physical Settlement Notice, give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with General Condition 12, and, subject to these

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer by the Delivery of the Deliverable Obligations comprising the Entitlement on the Credit Settlement Date, subject to and in accordance with the General Conditions and these Credit Linked Conditions. The relevant Asset Package, if applicable, will be deemed to be a Deliverable Obligation and the composition of the Asset Package and the Entitlement in respect of each Credit Linked Note equal to the Calculation Agent will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified in the relevant Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for physical delivery and determination of the Entitlement to take account of the relevant Asset Package.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value. The Notice of Physical Settlement shall include (i) details of the relevant Reference Entity, (ii) the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case the relevant "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation. The aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that the Issuer intends to Deliver shall be the relevant "**Aggregate Outstanding Amount**".

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with General Condition 12, (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in the Physical Settlement Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligation(s) specified in any Physical Settlement Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligation(s) specified in the Notice of Physical Settlement or any earlier Physical Settlement Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with General Condition 12, prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with General Condition 12) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a Physical Settlement Amendment Notice.

If "Mod R" is specified as applicable in the Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then, unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

in each case as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements.

If "Mod R" is specified as applicable in the Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

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

### 5. Accrual of Interest or Yield

- (a) Notwithstanding General Condition 3(g) and other than in the case of Zero Coupon Notes which are Credit Linked Notes, where subparagraph (b) below shall apply, or Linear Basket Credit Linked Notes, where Credit Linked Condition 1(i) will apply, if:
- (i) "**Accrual of Interest upon Credit Event**" is specified as not applicable in the Issue Terms, each Note shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date, or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or
  - (ii) "**Accrual of Interest upon Credit Event**" is specified as applicable in the Issue Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and
  - (iii) "**Continuing Accrual until scheduled maturity**" is specified as applicable in the Issue Terms, then notwithstanding the occurrence of a Credit Event Determination Date each Note will continue to bear interest in accordance with General Condition 3(g) up to but excluding the Scheduled Maturity Date (with such date being deemed to be the final Interest Payment Date),
- provided that**, in the case of (i) or (ii) if:
- (A) Credit Linked Condition 6, Credit Linked Condition 7 or Credit Linked Condition 8 applies in respect of the Notes and, in the case of Credit Linked Condition 6, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 7, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Credit Linked Condition 8, a Credit Event has not occurred on or prior to the DC Cut-off Date, as the case may be; and/or
  - (B) Credit Linked Condition 9 applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension

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Condition, as applicable, has not occurred or are not satisfied on or prior to the Postponed Maturity Date,

then interest will accrue as provided in Credit Linked Condition 6, Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9, as the case may be.

- (b) Notwithstanding General Condition 4(d) in the case of Zero Coupon Notes which are Credit Linked Notes: if,
- (i) "**Accrual Yield upon Credit Event**" is specified as not applicable in the Issue Terms, following the occurrence of a Credit Event Determination Date, yield shall cease to accrue in respect of each Note from the Issue Date; or
  - (ii) "**Accrual Yield upon Credit Event**" is specified as being applicable in the Issue Terms, then, following the occurrence of a Credit Event Determination Date, the accrued yield in respect of each Note shall be determined by the Calculation Agent as such Note's *pro rata* share of an amount (the "Accrual Yield Amount") equal to the product of the Accrual Yield specified in the Issue Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (and including) the earlier of the Scheduled Maturity Date and the Credit Event Determination Date, as the case may be. Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month. Such Accrual Yield Amount shall be payable to Noteholders on the Credit Event Redemption Date which, for the avoidance of doubt, may fall after the Scheduled Maturity Date if the Notes in accordance with the provisions of Credit Linked Condition 6, Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9, as the case may be.

### 6. **Repudiation/Moratorium Extension**

If "**Repudiation/Moratorium**" is specified as a Credit Event in the Issue Terms, the provisions of this Credit Linked Condition 6 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or any Interest Payment Date or, if Credit Linked Condition 9(y) applies, the Postponed Maturity Date or Postponed Interest Payment Date (as defined in Credit Linked Condition 9) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium may, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date or relevant Interest Payment Date, then the Calculation Agent shall notify the Noteholders in accordance with General Condition 12 that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes and/or relevant interest payment will be delayed and:

- (a) in relation to such event as of the Scheduled Maturity Date, where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
- (i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Maturity Date; and
  - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the

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fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (iii) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or
- (b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or
- (c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date then the relevant amount of interest shall be payable on the second Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Interest Payment Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable Repudiation/Moratorium Evaluation Date or, if later, the Postponed Interest Payment Date.

### 7. **Grace Period Extension**

If "**Grace Period Extension**" is specified as applicable in the Issue Terms, the provisions of this Credit Linked Condition 7 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date or relevant Interest Payment Date (determined by reference to the Relevant Time) (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date or relevant Interest Payment Date), then the Calculation Agent shall notify the Noteholders in accordance with General Condition **12** that a Potential Failure to Pay has occurred and the maturity of the Notes and/or relevant interest payment will be delayed and:

- (a) in relation to such event as of the Scheduled Maturity Date, where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Grace Period Extension Date; and
  - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

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- (iii) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or
- (b) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or
- (c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date then the relevant amount of interest shall be payable on the second Business Day following the Grace Period Extension Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable Grace Period Extension Date.

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

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) then the Calculation Agent shall notify Noteholders in accordance with General Condition 12 that the Maturity Date or relevant Interest Payment Date has been postponed to a date (the "**DC Determination Cut-off Date**") being the day falling (i) (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, if later (ii) fifteen (15) Business Days following the DC Credit Event Question Dismissal, and:

- (a) in the case of the Maturity Date, where a Credit Event has not occurred on or prior to the DC Determination Cut-off Date:
  - (i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the DC Determination Cut-off Date; and
  - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the DC Determination Cut-off Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
  - (iii) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or
- (b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

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- (c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date then the relevant amount of interest shall be payable on the second Business Day following the DC Determination Cut-off Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable DC Determination Cut-off Date.

### 9. **Maturity Date/Interest Payment Date Extension in the case of Credit Linked Notes**

The following provisions of this Credit Linked Condition 9 apply to Credit Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 11, if:

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

the Calculation Agent may at its option notify the Noteholders in accordance with General Condition **12** that the Maturity Date, the relevant Interest Payment Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**" or, in the case of an Interest Payment Date, the "**Postponed Interest Payment Date**") specified in such notice falling fifteen (15) Business Days after the Scheduled Maturity Date, the relevant Interest Payment Date, the relevant Repudiation/Moratorium Evaluation Date or Grace Period Extension Date, or the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day, and:

where:

- (a) in the case of Credit Linked Condition 9(x), a Credit Event Determination Date has not occurred on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date or, in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date:
  - (i) subject as provided below, in the case of a Postponed Maturity Date each Note will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Postponed Maturity Date; and
  - (ii) in the case of a Postponed Maturity Date and interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Postponed Maturity



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Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(iii) in the case of a Postponed Interest Payment Date, the Issuer shall be obliged to pay the relevant amount of interest on the second Business Day following the Postponed Interest Payment Date and no further or other amounts in respect of interest shall be payable as a result of such delay; or

(iv) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or

(b) where:

(i) in the case of Credit Linked Condition 9(x), a Credit Event Determination Date has occurred on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(ii) in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date, the provisions of Credit Linked Condition 1 or Credit Linked Condition 6 shall apply to the Credit Linked Notes.

### 10. **Partial Cash Settlement**

If all or a portion of the Obligations comprising the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Noteholders in accordance with General Condition 12 and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

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

Unless otherwise specified in the Issue Terms, for the purposes of this Credit Linked Condition 10 only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition 13:

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

"**Market Value**" means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the Issue Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest

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Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

**"Partial Cash Settlement Amount"** is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition less if applicable (C) a *pro rata* share of Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement), and (ii) zero **provided that** where (i) the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and the Calculation Agent determines in its sole discretion that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent in its sole discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs.

**"Partial Cash Settlement Date"** is deemed to be the date falling three Business Days after the calculation of the Final Price.

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

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the Issue Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the Issue Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the

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Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

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

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

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

"**Valuation Date**" means, for the purposes of this Credit Linked Condition 10, the fifth Business Day after the Credit Settlement Date.

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

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

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

### 11. **Settlement Suspension**

(a) ***Suspension***

Without prejudice to Credit Linked Condition 9, if, following the determination of a Credit Event Determination Date but prior to the Credit Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements of this Credit Linked Condition 11 and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period and PSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. During such suspension period none of the Issuer, the Calculation Agent or any Noteholder are obliged to, nor are they entitled to, take any action in connection with the settlement of the Notes. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Linked Condition 11.

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

(b) ***Interest***

In the case of interest bearing Credit Linked Notes:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Payment Day and no later than the fifth Payment Day following the end of the Suspension Period, all subject to the provisions of General Condition 4 and Credit Linked Conditions 6, 7 and 8.

12. **Redemption following a Merger Event**

If "Merger Event" is specified as applying in the Issue Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with General Condition 12, and redeem all but not some only of the Credit Linked Notes and pay in respect of each Credit Linked Note, the Merger Event Redemption Amount on the Merger Event Redemption Date in each case as specified in the Issue Terms.

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

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

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

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

- (a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the Issue Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the Issue Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine in its reasonable discretion);
- (b) in respect of any Notes for which "Cash Settlement" is specified to be the applicable Settlement Method in the Issue Terms (or for which Cash Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2), and:
  - (i) "Include Accrued Interest" is specified in the Issue Terms, the Outstanding Principal Balance of the Reference Obligation shall include accrued but unpaid interest;
  - (ii) "Exclude Accrued Interest" is specified in the Issue Terms, the Outstanding Principal Balance of the Reference Obligation shall not include accrued but unpaid interest; or
  - (iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Issue Terms, the Calculation Agent shall determine, based on the then current market practice in the market of the Reference Obligation whether the

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Outstanding Principal Balance of the Reference Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or

- (c) if Credit Linked Condition 10 applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

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

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

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

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

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

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

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

**"Asset Package Delivery"** will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, either (a) no Package Observable Bond exists immediately prior to such Asset Package Credit Event or (b) it is specified not to apply in the Issue Terms by operation of the Physical Settlement Matrix or otherwise.

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

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

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

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

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

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

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

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

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

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

**"Calculation Agent Physical Settlement Amendment Notice"** means a notice by the Calculation Agent to the Issuer containing material information required to be included in a Physical Settlement Amendment Notice to be given by the Issuer.

**"Calculation Agent Physical Settlement Notice"** means a notice from the Calculation Agent to the Issuer containing material information required to be included in a Notice of Physical Settlement to be given by the Issuer.

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

**"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements **provided, however, that** a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

**"Conforming Reference Obligation"** means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) below of the definition of Deliverable Obligation below.

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

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

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

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

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

**"Credit Event Amount"** means, in the case of Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity (i) the amount specified as such in the Issue Terms or (ii) a Note's *pro rata* share of the amount (which may be zero) calculated by the Calculation Agent in accordance with the following formula:

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

where:

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

"FP" is the Final Price, the Auction Final Price or the Set/Zero Recovery Price, as applicable, in respect of the affected Reference Entity;

"UC" is Unwind Costs.

Expressed in words, this is (1) the product of the Reference Entity Notional Amount in respect of the affected Reference Entity and the Final Price, Auction Final Price or the Set/Zero Recovery Price, as applicable, in respect of the affected Reference Entity minus (2) the Unwind Costs.

"Credit Event Backstop Date" means:

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

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

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

- (a) Auction Settlement is the applicable Settlement Method or in any event in the case of a Tranche Linear Basket Credit Linked Note or a Zero/Set Recovery Note:
  - (i) subject to paragraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
  - (ii) notwithstanding paragraph (a)(i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:
    - (A)
      - (1) the Credit Event is not an M(M)R Restructuring; and
      - (2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B)
      - (1) the Credit Event is an M(M)R Restructuring; and
      - (2) a Credit Event Notice is delivered and is effective on or prior to the Exercise Cut-off Date,



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**provided that** no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, or the Calculation Agent otherwise determines this is consistent with the Issuer's Hedging Arrangements, or

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

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

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to reflect (I) such deemed date of occurrence or (II) such deemed non-occurrence, of such Credit Event Determination Date and (2) the effective date of such adjustment(s). For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any adjustment to payment amounts.

Where the Notes are First-to-Default Credit Linked Notes, a Credit Event Determination Date shall be deemed to occur with respect to the Notes on the first occasion a Credit Event Determination Date occurs with respect to any Reference Entity (the "**First Reference Entity**"). Where the Notes are First-to-Default Credit Linked Notes or Nth-to-Default Credit Linked Notes and a Credit Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Credit Event Determination Dates occur.

"**Credit Event Notice**" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in General Condition 12.

"**Credit Event Payment Date**" means in relation to any Credit Event Amount the day falling the number of Business Days specified in the applicable Issue Terms (or, if a number of Business Days is not so specified, three Business Days) following (x) the calculation of the relevant Final Price or Auction Final Price, as applicable or (y) in the case of Zero/Set Recovery Notes, the Credit Event Determination Date.

"**Credit Event Redemption Amount**" means, unless otherwise specified in the Issue Terms:

- (a) in the case of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

[•]

Expressed in words, this is the sum of (a), (1) the product of the Reference Entity Notional Amount and the Final Price, Auction Final Price or the Set/Zero Recovery Price, as applicable minus (2) the Unwind Costs and (b) if specified as applicable in the Issue Terms, the Protected Amount.

- (b) in the case of Linear Basket Credit Linked Notes to which Credit Payment on Maturity applies, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$\left( \sum_{1 \dots n}^n \text{RENA}_{u,i} \right) + \left( \sum_{1 \dots n}^n \text{RENA}_{A,i} \times \text{FP}_{A,i} \right) - \text{UC}; \text{ or}$$

Expressed in words, this is (1) the sum of the Reference Entity Notional Amounts in respect of each Reference Entity for which a Credit Event Determination Date has not occurred plus (2) the sum of, in respect of each Reference Entity for which a Credit Event Determination Date has occurred, the product of the Reference Entity Notional Amount and the Final Price, Auction Final Price or the Set/Zero Recovery Price (as applicable) minus (3) Unwind Costs.

- (c) in the case of Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, an amount calculated by the Calculation Agent equal to a Note's *pro rata* share of:

$$\sum_{1 \dots n}^n \text{RENA}_{u,i}$$

Expressed in words, this is the sum of the Reference Entity Notional Amounts in respect of each Reference Entity for which a Credit Event Determination Date has not occurred; or

- (d) In the case of Tranched Linear Basket Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

*aggregate outstanding nominal amount*

$$* \left( 1 - \left( \frac{1}{H - L} \right) * \text{Min}[H - L; \text{Max}[N - L; 0]] \right)$$

Expressed in words, this is the product of (i) the aggregate outstanding nominal amount of Notes and (ii) one minus the product of (x) the quotient of 1 as numerator and the number of Reference Entities specified as H (being the higher tranche level) in the Issue Terms minus the number of Reference Entities specified as L (being the lower tranche level) in the Issue Terms ("**H-L**" as denominator and (y) the lesser of H-L and the number, floored at zero, of Reference Entities in respect of which a Credit Event Determination Date has occurred minus the number of Reference Entities specified as L (being the lower tranche level) in the Issue Terms.

where:

"**Protected Amount**" means the amount stated in the Issue Terms if specified as applicable.

"**RENA**" is the Reference Entity Notional Amount, with **RENA**<sub>u,i</sub> being the Reference Entity Notional Amount in respect of any Reference Entity<sub>i</sub> for which a Credit Event Determination Date

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has not occurred and being deemed to be zero for all other Reference Entities and  $RENA_{A,i}$  is the Reference Entity Notional Amount in respect of any Reference Entity; for which a Credit Event Determination Date has occurred and being deemed to be zero for all other Reference Entities;

"FP" is the Final Price, the Auction Final Price or the Set/Zero Recovery Price, as applicable, with  $FP_{A,i}$  being such value in respect of the Reference Entity for which a Credit Event Determination Date has occurred;

"UC" is Unwind Costs; and

"n" is the number of Reference Entities,

**provided that**, in each case, in no event shall the Credit Event Redemption Amount be less than zero.

"Credit Event Redemption Date" means, subject to Credit Linked Condition 11:

- (1) in the case of any Notes other than Linear Basket Credit Linked Notes,
  - (a) the day falling three Business Days, or such other number of Business Days specified in the Issue Terms, after (i) the calculation of the Final Price (ii) the Auction Settlement Date or (iii) if the Notes are Zero/Set Recovery Notes the Credit Event Determination Date, as applicable, in each case in respect of the Reference Entity the occurrence of which results in the Notes becoming redeemable or
  - (b) where Maturity Credit Redemption is specified to be applicable in the Issue Terms only: if later, the Maturity Date determined pursuant to these Credit Linked Conditions and subject to adjustment, where applicable, pursuant to Credit Linked Conditions 6, 7, 8, 9 and 11 or
- (2) in the case of Linear Basket Credit Linked Notes, the "Maturity Date" determined for these purposes as
  - (A) subject to (B) and (C) below, the later of
    - (a) the day falling three Business Days or such other number of Business Days specified in the Issue Terms, following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date) in respect of each Reference Entity for which a Credit Event Determination Date has occurred and for which the Final Price or Auction Final Price is relevant for the determination of the Credit Event Redemption Amount and
    - (b) the Maturity Date determined without regard to the provisions of this paragraph and subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11; or
  - (B) if the Notes are Zero/Set Recovery Notes, the later of
    - (a) the day falling three Business Days or such other number of Business Days specified in the Issue Terms, following the date as of which a Credit Event Determination Date has occurred or is determined not to have occurred in respect of each Reference Entity which is relevant for the determination of the Credit Event Redemption Amount and
    - (b) the Maturity Date determined without regard to the provisions of this paragraph and subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11; or
  - (C) if the Notes are Tranched Linear Basket Credit Linked Notes, the Maturity Date subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11.

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

**"Credit Settlement Date"** means (a) the last day of the longest Physical Settlement Period following the PSN Cut-off Date (the **"Scheduled Credit Settlement Date"**) **provided that** if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling sixty (60) Business Days following the Scheduled Credit Settlement Date or (b) where Maturity Credit Redemption is specified to be applicable in the Issue Terms only: if later, the Maturity Date determined pursuant to these Credit Linked Conditions and subject to adjustment, where applicable, pursuant to Credit Linked Conditions 6, 7, 8, 9 and 11.

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

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

**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

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

**"DC Credit Event Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, **provided that** if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

**"DC Credit Event Meeting Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

**"DC Credit Event Question"** means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

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"**DC Credit Event Question Dismissal**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"**DC Cut-off Date**" has the meaning given to that term in Credit Linked Condition 8.

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

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

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

"**DC Rules**" means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

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

"**Default Requirement**" means the amount specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Issue Terms, US\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

"**Deliver**" means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above but excluding any liens routinely imposed on all securities in a relevant clearance system or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) **provided that** (i) if all or a portion of the Entitlement consists of Direct Loan Participations, "Deliver" means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, **provided further that** if the Guarantee has a Fixed Cap, "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "**Delivery**" and "**Delivered**" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

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

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Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term Asset Package shall be construed accordingly.

**"Deliverable Obligation"** means:

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

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

(i) *Method for Determining Deliverable Obligations.* For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the Issue Terms, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the Issue Terms, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements. The following terms shall have the following meanings:

- (A) **"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligation, the definition of "Reference Obligations Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).
- (B) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;
  - (1) **"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;
  - (2) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

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- (3) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent that the Issuer, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (4) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
- I contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S under the U.S. Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
  - II restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
  - III restrictions in respect of blocked periods on or around payment dates or voting periods;
- (5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the Issue Terms (or if no such period is specified, thirty years);
- (6) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.
- (ii) *Interpretation of Provisions*
- (A) If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the Issue Terms, the Issue Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
  - (B) If (i) either of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the Issue Terms, the Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (ii) the Deliverable Obligation

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

Characteristic "Transferable" is specified in the Issue Terms, 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; or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the Issue Terms, 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.

- (C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the Issue Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (D) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:
  - (1) for purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation;
  - (2) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
  - (3) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and
  - (4) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
  - (5) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
  - (6) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the Issue Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the



existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

- (7) For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in the paragraphs commencing "If "Mod R" ..." and "If "Mod Mod R" ..." in Credit Linked Condition 4 to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (8) If "Subordinated European Insurance Terms" is specified as applicable in the Issue Terms, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

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

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

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

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

**"Domestic Currency"** means the currency specified as such in the Issue Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign).

**"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% owned, directly or indirectly, by the Reference Entity. As used herein, **"Voting Shares"** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Due and Payable Amount"** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date, as applicable.

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

**"Eligible Transferee"** means:

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

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

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

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

**"Entitlement"** means, in respect of each nominal amount of Credit Linked Notes equal to the Calculation Amount, as applicable, Deliverable Obligations, as selected by the Calculation Agent, with:

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

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Calculation Amount less, if Unwind Costs are specified as applying in the Issue Terms, Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to a *pro rata* share of Unwind Costs.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

**"Excluded Deliverable Obligation"** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the 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 Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**"Excluded Obligation"** means:

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

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

- (a) with respect to an M(M)R Restructuring and any Note to which paragraph (a) of the definition of Credit Event Determination Date above applies:
  - (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event where paragraph (a) of the definition of Credit Event Determination Date does not apply, the relevant Non-Standard Exercise Cut-off Date,

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

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

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

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

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

**"Fallback Settlement Method"** means, with respect to any Credit Linked Notes for which Auction Settlement is specified as the applicable Settlement Method in the Issue Terms, the fallback settlement method specified in the Issue Terms.

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

**"Final Price"** means the price of the relevant Reference Obligation(s), as the case may be, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the Valuation Method specified in the Issue Terms or, where applicable, Credit Linked Condition 10. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the relevant Paying Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**"First-to-Default Credit Linked Notes"** means Credit Linked Notes indicated as such in the Issue Terms where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Issue Terms.

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

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

**"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

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

**"Governmental Authority"** means:

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

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

- (d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

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

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

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

**"Grace Period"** means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is specified as applying in the Issue Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date or relevant Interest Payment Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date or relevant Interest Payment Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the Issue Terms or, if no period is specified in the Issue Terms, thirty (30) calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless Grace Period Extension is specified as applying in the Issue Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date or relevant Interest Payment Date.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise,

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a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

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

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

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

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

**"Hedging Arrangements"** means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Credit Linked Notes.

**"Hedge Disruption Event"** means in the opinion of the Calculation Agent any event (including, without limitation, any delay in settlement of any Auction) as a result of which the Issuer and/or any of its Affiliates (a) has not received the relevant Deliverable Obligations under the terms of the Issuer's Hedging Arrangements (if any) and/or (b) cannot maintain, adjust, enter into or exercise rights under its Hedging Arrangements in each case in such a manner as is necessary to meet its obligations in full as these fall due solely with amounts or assets which it is entitled to receive under the Hedging Arrangements on the relevant due date(s) therefor.

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

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

**"Largest Asset Package"** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

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

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

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either Mod R or Mod Mod R is specified as applicable in the Issue Terms.

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

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

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

**"Merger Event"** means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date either (A) the Issuer or a Reference Entity (any such entity, the **"Mergor"**) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Issuer, or (B) (i) either of the Issuer and (ii) a Reference Entity become Affiliates.

**"Minimum Quotation Amount"** means the amount specified as such in the Issue Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) US\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

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

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date.

Subject to the foregoing, if the Scheduled Maturity Date is later than the 10 year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

In connection with the above, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

**"Movement Option"** means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (**provided that** if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the

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Credit Linked Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with General Condition 12.

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

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on London Business Days immediately following the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, **"London Business Day"** means a day on which banks and foreign exchange markets are generally open to settle payments in London.

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

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

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

**"Non-Conforming Substitute Reference Obligation"** means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

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

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

- (a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A)
      - (1) "Auction Settlement" is not the applicable Settlement Method;



ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

- (2) the relevant Credit Event is not an M(M)R Restructuring; and
  - (3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
- (B)
  - (1) the relevant Credit Event is an M(M)R Restructuring; and
  - (2) a Credit Event Notice is delivered and is effective on or prior to the Non-Standard Exercise Cut-off Date, or
- (ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
  - (A)
    - (1) "Auction Settlement" is not the applicable Settlement Method;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or
  - (B) the Calculation Agent determines this is otherwise consistent with the Issuer's Hedging Arrangements,

**provided that** no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or the Calculation Agent determines this is otherwise consistent with the Issuer's Hedging Arrangements.

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

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

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

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

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

**"Notice Delivery Date"** means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Issue Terms, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

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

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

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

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

**"Nth-to-Default Credit Linked Notes"** means Credit Linked Notes indicated as such in the Issue Terms where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Issue Terms.

**"Obligation"** means:

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

in each case unless it is an Excluded Obligation.

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

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

- (i) **"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Issue Terms, where:
- (a) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (b) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (c) **"Reference Obligations Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (d) **"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (e) **"Loan"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (f) **"Bond or Loan"** means any obligation that is either a Bond or a Loan.
- (ii) **"Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the Issue Terms, where:
- (a) **"Not Subordinated"** means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;
  - (b) **"Subordination"** means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. **"Subordinated"** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and

- (c) "**Prior Reference Obligation**" means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the 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;
- (d) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the Issue Terms (or, if Specified Currency is specified in the Issue Terms and no currency is so specified, any Standard Specified Currency) **provided that** if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (e) "**Not Sovereign Lender**" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";
- (f) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency **provided that** a Standard Specified Currency shall not constitute the Domestic Currency;
- (g) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, **provided that** the laws of England and the laws of the State of New York shall not constitute a Domestic Law;
- (h) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (i) "**Not Domestic Issuance**" means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

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

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

"**Obligation Default**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default,

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

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

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

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

- (a) *first*, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);
- (b) *second*, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above less any amounts subtracted in accordance with this paragraph (b), the **"Non-Contingent Amount"**); and
- (c) *third*, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

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

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

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

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

**"Parallel Auction Settlement Terms"** means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which (i) the Deliverable Obligation Terms are the same as

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction **provided that** if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

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

**"Payment Requirement"** means the amount specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Issue Terms, US\$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

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

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

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

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

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

**"Physical Settlement Period"** means, subject to Credit Linked Condition 11, the number of Business Days specified as such in the Issue Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent **provided that** if the Issuer has notified the Holders in accordance with Credit Linked Condition 4 that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 35 Business Days.

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**"Post Dismissal Additional Period"** means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is fourteen calendar days thereafter (**provided that** the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

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

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

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

**"Prior Deliverable Obligation"** means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of Deliverable Obligation above, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

**"Prohibited Action"** means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

**"Private-side Loan"** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"PSN Cut-off Date"** means subject, where applicable, to Credit Linked Condition 13:

- (a) subject to paragraph (b) below, the later of:
  - (i) the thirtieth calendar day after the Credit Event Determination Date; and
  - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date); or

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- (b) if, in accordance with the terms of Credit Linked Condition 2 above, Credit Linked Condition 4 applies as a result of the occurrence of (a) an Auction Cancellation Date or (b) a No Auction Announcement Date and:
  - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
    - (A) the date determined pursuant to paragraph (a)(i) above; and
    - (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, occurring pursuant to paragraphs (a) or (c)(i) of the definition of No Auction Announcement Date above, as applicable; or
  - (ii) the relevant Credit Event is an M(M)R Restructuring either:
    - (A) the later of:
      - I. the date determined pursuant to paragraph (a)(i) above; and
      - II. the thirtieth calendar day after:
        - (x) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of No Auction Announcement Date above, if any;
        - (y) a No Auction Announcement Date occurring pursuant to paragraph (c)(i) of the definition of No Auction Announcement Date above, if any; or
        - (z) the Auction Cancellation Date, if any, as applicable; or
    - (B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one Parallel Notice of Physical Settlement Date should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:
      - I. a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option; or
      - II. a No Auction Announcement Date occurs pursuant to paragraph (c)(ii) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option,

**provided that** in the case of paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph (a)(i) above.

**"PSN Effective Date"** means the date on which an effective Calculation Agent Physical Settlement Notice or Calculation Agent Physical Settlement Amendment Notice, as the case may be, is delivered to the Issuer.

**"Public Source"** means each source of Publicly Available Information specified as such in the Issue Terms (or if no such source is specified in the Issue Terms, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).



## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

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

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

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

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

- (a) Without limitation, Publicly Available Information need not state:
  - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
  - (ii) that the relevant occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) has met the subjective criteria specified in certain Credit Events.

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

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

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

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A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
  - (i) by payment;
  - (ii) by way of Permitted Transfer;
  - (iii) by operation of law;
  - (iv) due to the existence of a Fixed Cap; or
  - (v) due to:
    - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the Issue Terms; or
    - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the Issue Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

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

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

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

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

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such

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

**"Quotation Amount"** means the amount specified as such in the Issue Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the Issue Terms, the Reference Entity Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

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

**"Quotation Method"** means the applicable Quotation Method specified in the Issue Terms by reference to one of the following terms:

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

If a Quotation Method is not specified in the Issue Terms, Bid shall apply.

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

**"Reference Entity Notional Amount"**, in respect of a Reference Entity, means the amount specified as such in the applicable Issue Terms (or, if no such amount is so specified, the Aggregate Nominal Amount of the Notes as of the Issue Date divided by the number of Reference Entities), subject to adjustment as provided in "Successor" and these Credit Linked Conditions.

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

- (a) "Standard Reference Obligation" is specified as not applicable in the Issue Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the Issue Terms (or no election is specified in the Issue Terms), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the Issue Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but

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excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, **provided that** the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation and the Calculation Agent will select as a substitute Reference Obligation any Deliverable Obligation with the same level of seniority as the relevant Seniority Level. In addition, the Calculation Agent (i) may replace the Reference Obligation with any further Deliverable Obligation with the same level of seniority as the relevant Seniority Level from time to time and (ii) if a new obligation is placed on the SRO List, in respect of the relevant Reference Entity, then the Calculation Agent may, but is not obliged to, select the new Standard Reference Obligation in respect of the Reference Entity as the Reference Obligation. The provisions of this definition may be applied by the Calculation Agent on more than one occasion and are without prejudice to the right of the Calculation Agent to determine a Substitute Reference Obligation.

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

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

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

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

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

**"Relevant Holder"** means a holder of the latest Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

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

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred,

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redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

- (c) if "Financial Reference Entity Terms" is specified as applicable in the Issue Terms and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the Issue Terms, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", **provided that** if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

**"Relevant Time"** means Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement) Tokyo time).

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

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

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

**"Repudiation/Moratorium"** means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
  - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

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

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

- (a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the

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Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to (i) the Scheduled Maturity Date or relevant Interest Payment Date (determined by reference to the Relevant Time) or, (ii) if Credit Linked Condition 9(y) applies, the Postponed Maturity Date (determined by reference to the Relevant Time); or

- (b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Issue Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date.

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

**"Repudiation/Moratorium Extension Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning set out in the DC Rules, and **"Resolved"** and **"Resolves"** shall be construed accordingly.

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

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

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

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any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

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

- (i) the payment in euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, **provided that** in respect of paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and Credit Linked Condition 15, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in paragraphs (i) to (iv) of this definition of Restructuring shall continue to be deemed to refer to the Reference Entity.

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

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

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

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due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

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

**"Scheduled Maturity Date"** has the meaning given to it in the Issue Terms.

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

- (a) "Senior Level" or "Subordinated Level" as specified in the Issue Terms, or
- (b) if no such seniority level is specified in the Issue Terms, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which
- (c) "Senior Level".

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

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

**"Set/Zero Recovery Price"** means the percentage specified as such in the Issue Terms.

**"Settlement Method"** means, if (a) Auction Settlement is specified as the applicable Settlement Method in the Issue Terms, Auction Settlement or (b) Cash Settlement is specified as the applicable Settlement Method in the Issue Terms, Cash Settlement, or (c) Physical Delivery is specified as the applicable Settlement Method in the Issue Terms, Physical Delivery.

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

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

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

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

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

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



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

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

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

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

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

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

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; **provided that** the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii)). If the event set forth in paragraph (b)(i) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation **provided that**, in the absence of any notification to the contrary to the Holders by the Calculation Agent at any time on or prior to the date on which the Notes are due to be redeemed, the Substitute Reference Obligation which shall replace the Non-Standard Reference Obligation shall be deemed to be, on any date, the security which is identified by its ISIN under the column entitled "RED Ref. Ob." which corresponds to the name of the relevant Reference Entity under the column entitled "RED Legal Name" which is found on Bloomberg Page "REDL" (or any successor page or service thereto) on such date.
- (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

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(iii)

(A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:

I. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

II. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above;

(B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:

I. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

II. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

III. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or

(C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:

I. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

II. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

III. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above.

(d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Calculation Agent will notify the Holders in accordance with General Condition 12 of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above

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and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation.

- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.
- (f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit Linked Notes that are Reference Obligation Only Notes.

**"Substitute Reference Obligation Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve a Substitute Reference Obligation to the Non-Standard Reference Obligation, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

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

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

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

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraphs (a) or (b)(i) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraphs (a) or (b)(i) above as the case may be, on the Trade Date.

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

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

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"**Successor**" means:

- (a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:
  - (i) subject to paragraph (vii), if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five% or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
  - (ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five% (but less than seventy-five%) of the Relevant Obligations of the Reference Entity, and not more than twenty-five% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five% of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five% of the Relevant Obligations of the Reference Entity, and not more than twenty-five% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five% of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the Issue Terms will be adjusted as provided below;
  - (iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five% of the Relevant Obligations of the Reference Entity, and more than twenty-five% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the Issue Terms will be adjusted as provided below;
  - (v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five% of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
  - (vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five% of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and these Terms and Conditions and/or the Issue Terms will be adjusted as provided below); and
  - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the Universal Successor) will be the sole Successor; and
- (b) An entity may only be a Successor if:
  - (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after January 1, 2014;
  - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and

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- (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

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

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

Where pursuant to paragraph (a)(iii), (a)(iv) or (a)(vi) or (b) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Terms and Conditions and/or the Issue Terms as it shall determine to be appropriate to reflect that the Reference Entity has been succeeded by more than one Successor (which adjustments may, for the avoidance of doubt, include in the case of Tranching Linear Basket Credit Linked Notes, such adjustments as the Calculation Agent determines appropriate to the numbers of Reference Entities specified as "**H**" and "**L**", having regard to any adjustments made to the notional portfolio to which the Notes relate) and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Terms and Conditions and/or the Issue Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Notes under the provisions of the 2014 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Holders in accordance with General Condition **12** stating the adjustment to these Terms and Conditions and/or the Issue Terms and giving brief details of the relevant Successor event.

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

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

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Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor to another Reference Entity pursuant to the above provisions and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor for the purposes of any succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor to another Reference Entity pursuant to the above provisions but no other entities (that are not Reference Entities or the Issuer) are identified as a Successor in respect of the relevant succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes and, in respect of each Affected Reference Entity or the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant succession and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant succession and the Calculation Agent may make such adjustments to the Conditions and/or the Issue Terms as it determines to be necessary or desirable to reflect such Alternative Reference Entity and Alternative Reference Obligation. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, then: (i) no Successor shall be appointed; (ii) the Affected Reference Entity to which the relevant succession relates shall be deemed to have ceased to be a Reference Entity; (iii) that portion of any interest payable which is referable to the purchase of credit protection purchased by the Issuer under the Notes in respect of the Affected Reference Entity shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion; and (iv) the Calculation Agent may make such adjustments to the Conditions and/or the Issue Terms to account for the Successor Associated Costs, which may include, without limitation, reducing the Final Redemption Amount, Credit Event Redemption Amount or the Entitlement (as the case may be) by an amount equal to the Successor Associated Costs, in each case with effect from the date determined by the Calculation Agent to be the relevant Succession Date.

Where:

"**Alternative Reference Entity**" means an entity which satisfies both the Industry Requirement (other than in the case of a Sovereign) and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

"**Alternative Reference Obligation**" means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor". An Alternative Reference Obligation may or may not be the applicable Standard Reference Obligation for the Alternative Reference Entity;

"**Industry Requirement**" means an entity that is in the same industry group as the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor", as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate, including any international market data sources such as, but not limited to, credit rating agencies;

"**Spread**" means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Date and ending on the Maturity Date and with the Reference Obligation(s) specified in the Issue Terms or Alternative Reference Obligation(s), as applicable;

"**Spread Requirement**" means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor", immediately prior to the relevant Succession Date as determined by the Calculation Agent in its sole and absolute discretion; and

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**"Successor Associated Costs"** means an amount per nominal amount of the Notes (which may not be less than zero) equal to such Notes' *pro rata* share of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the Notes and/or any hedge positions (including without limitation, any derivative transaction) relating to the Notes, and any related costs due to costs or losses being incurred prior to the maturity or settlement of the Notes, all as determined by the Calculation Agent in its sole discretion.

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

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

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

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

**"Trade Date"** means the date specified as such in the Issue Terms.

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

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

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

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

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

**"Valuation Date"** means if "Single Valuation Date" is specified in the Issue Terms and subject to Credit Linked Condition 10, the date that is the number of Business Days specified in the Issue Terms (or, if the number of Business Days is not so specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a)(ii) of the definition of Credit Event Determination Date above or paragraph (b)(i) of the definition of Non-Standard Credit Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method in accordance with paragraphs (b)(i) or (b)(ii) of Credit Linked Condition 2 (*Auction Settlement*) above, the date that is the number of Business Days specified in the Issue Terms or, if the number of Business Days is not so specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the Issue Terms, each of the following dates:

- (a) subject to Credit Linked Condition 11, the date that is the number of Business Days specified in the Issue Terms (or, if the number of Business Days is not specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a) of the definition of Credit Event Determination Date above or paragraph (b)(i) of the definition of Non-Standard Credit Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or if Cash Settlement is the applicable Fallback Settlement Method in accordance with paragraphs (b)(i) or (b)(ii) of Credit Linked Condition 2 (*Auction Settlement*) above, the date that is the number of Business Days specified in the Issue Terms (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and
- (b) each successive date that is the number of Business Days specified in the Issue Terms or, if the number of Business Days is not so specified, five Business Days after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the Issue Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Issue Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the Issue Terms, Single Valuation Date shall apply.

### **"Valuation Method":**

- (a) The following Valuation Methods may be specified in the Issue Terms with only one Valuation Date:
  - (i) **"Market"** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.



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

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

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

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

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

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

"**Zero/Set Recovery Notes**" means Notes in respect of which the applicable Settlement Method in the Issue Terms is specified as "Not applicable: "Zero/Set Recovery Notes".

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

If this Credit Linked Condition 14 is specified as applicable in the Issue Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of an M(M)R:

- (a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth an amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the "**Partial Redemption Amount**") that may be less than the aggregate Nominal Amount of those Credit Linked Notes outstanding immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (A) the nominal amount of each Credit Linked Note not so redeemed in part shall remain outstanding and interest shall accrue on the nominal amount outstanding of such Credit Linked Note as provided in General Condition 4 (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such nominal amount outstanding of such

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Credit Linked Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 14 and (y) the effective date of such adjustment(s).

(c) If the provisions of this Credit Linked Condition 14(c) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(d) In addition, in the case of First-to-Default Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of the First Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(e) In addition, in the case of Nth-to-Default Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of the Triggering Reference Entity, where the Credit event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(f) In addition, in the case of Linear Credit Basket Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of a Reference Entity in the Basket, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of such Reference Entity.

### 15. **Provisions relating to Multiple Holder Obligation**

If this Credit Linked Condition 15 is specified as applicable in the Issue Terms, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "**Restructuring**" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) is (A) a Bond and/or (B) an Obligation with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

### 16. **Provisions taken from the ISDA supplement titled "Additional Provisions – Monoline Insurer as Reference Entity (January 2005)"**

If this Credit Linked Condition 16 is specified as applicable in the Issue Terms, the following provisions will apply:

(a) *Obligation and Deliverable Obligation.* Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 13 and paragraph (a) of the definition of "Deliverable Obligation" in Credit Linked Condition 13 are hereby amended by adding "or Qualifying Policy" after "as provider of a Qualifying Affiliate Guarantee".

(b) *Interpretation of Provisions.* In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 13 will apply, with references to the Qualifying Guarantee, the

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Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

- (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "**obligation**" and "**obligor**" as used in these Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;
  - (ii) references in the definitions of Assignable Loan and Consent Required Loan to the "**guarantor**" and "**guaranteeing**" shall be deemed to include the "**insurer**" and "**insuring**", respectively;
  - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the Issue Terms;
  - (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the Issue Terms and if the benefit of the "Qualifying Policy" is not transferred as part of any transfer of the Insured Instrument, the "Qualifying Policy" must be transferable at least to the same extent as the Insured Instrument; and
  - (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the "Qualifying Policy" guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) *Deliver.* For the purposes of the definition of "Deliver" in Credit Linked Condition 13, "**Deliver**" with respect to an obligation that is a "Qualifying Policy" means to Deliver both the Insured Instrument and the benefit of the "Qualifying Policy" (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related "Qualifying Policy"), and "**Delivery**" and "**Delivered**" will be construed accordingly.
- (d) *Provisions for Determining a Successor.* The paragraph commencing "For the purposes of this definition of "Successor"..." in the definition of "Successor" in Credit Linked Condition 13 is hereby amended by adding "or insurer" after "or guarantor".
- (e) Restructuring
- (i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (a) to (e) inclusive of the definition of "Restructuring" in Credit Linked Condition 13 are hereby amended to read as follows:
    - "(i) a reduction in the rate or amount of the Instrument Payments in paragraph (A)(x) of the definition thereof that are guaranteed or insured by the "Qualifying Policy";
    - (ii) a reduction in the amount of the Instrument Payments described in paragraph (A)(y) of the definition thereof that are guaranteed or insured by the "Qualifying Policy";
    - (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in paragraph (A)(x) of the definition thereof or (y) the payment of the Instrument

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Payments described in paragraph (A)(y) of the definition thereof, in each case that are guaranteed or insured by the "Qualifying Policy";

- (iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
- (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the "Qualifying Policy" to any currency (other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro as a whole)."
- (ii) Paragraph (c) of the definition of "Restructuring" in Credit Linked Condition 13 is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the "Qualifying Policy" continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the "Qualifying Policy" guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the "Qualifying Policy" after "Reference Entity".
- (iii) The definition of "Restructuring" in Credit Linked Condition 13 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of this definition of "Restructuring" in and if Credit Linked Condition 15 is specified as applying in the Issue Terms, for the purposes of the Credit Linked Conditions the term "Obligation" shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in this definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (a) to (c) inclusive in this definition of "Restructuring" shall continue to refer to the Reference Entity."
- (f) *Fully Transferable Obligation and Conditionally Transferable Obligation.* In the event that M(M)R Restructuring is specified as applicable in the Issue Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition. References in the definition of "Conditionally Transferable Obligation" to the "guarantor" and "guaranteeing" shall be deemed to include "the "insurer" and "insuring" respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in Credit Linked Condition 4 and the definition of "Restructuring Maturity Limitation Date", shall mean the specified date by which the "Qualifying Policy" guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (g) *Other Provisions.* For purposes of paragraph (a) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 13 references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

- (h) Additional Definitions.
- (i) "**Qualifying Policy**" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Credit Linked Condition 16) (the "**Insured Instrument**") for which another party (including a special purpose entity or trust) is the obligor (the "**Insured Obligor**"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments).
- (ii) "**Instrument Payments**" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the "Qualifying Policy").
- (iii) "**Certificate Balance**" means, in the case of an Insured Instrument that is in the form of a pass through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

### 17. Calculation Agent Notices

Any notice to be delivered by the Calculation Agent to the Issuer pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

### 18. Provisions taken from the ISDA supplement titled "Additional Provisions for LPN Reference Entities" (published on 3<sup>rd</sup> October, 2006)

- (a) If this Credit Linked Condition 18 is specified as applicable in the Issue Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply: provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);

## ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 13, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Deliverable Obligation" in Credit Linked Condition 13 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed by reference to the Prior Reference Obligation;

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

**"Reference Obligation"** means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Issue Terms or set forth on the relevant LPN Reference Obligations List (each a **"Markit Published LPN Reference Obligation"**), as published by Markit Group Limited, or any successor thereto, as of the Trade Date, any Additional LPN and each Additional Obligation; and

- (e) the following additional definitions shall apply:

**"Additional LPN"** means any bond issued in the form of a loan participation note (a **"LPN"**) by an entity (the **"LPN Issuer"**) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the **"Underlying Loan"**) or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the **"Underlying Finance Instrument"**), **provided that** (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

**"Additional Obligation"** means each of the obligations listed as an Additional Obligation of the Reference Entity in the Issue Terms or set forth on the relevant LPN Reference Obligations List (each a **"Markit Published LPN Reference Obligation"**), as published by Markit Group Limited, or any successor thereto, as of the Trade Date.

**"First Ranking Interest"** means a charge, security interest (or other type of interest having similar effect) (an **"Interest"**), which is expressed as being "first ranking", "first priority", or similar (**"First Ranking"**) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

**"LPN Reference Obligation"** means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

**ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES**

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

**19. Amendment of Credit Linked Conditions**

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions (i) to incorporate and/or reflect (x) further or alternative documents or protocols from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or (b) the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect or account for a Hedge Disruption Event. Any amendment made in accordance with this Credit Linked Condition 19 shall be notified to the Noteholders in accordance with General Condition 12.

**20. Physical Settlement Matrix**

If Physical Settlement Matrix is specified as applicable in the Issue Terms, the provisions specified as applicable and, if applicable, as amended in each case as set out below, in respect of the applicable Transaction Type(s) set out in the Credit Derivatives Physical Settlement Matrix as published by the International Swaps and Derivatives Association, Inc. on the Date of the Physical Settlement Matrix specified in the Issue Terms or, if no such date is specified, on the most recent date on or prior to the Issue Date of the first Tranche (the "**ISDA Physical Settlement Matrix**") shall apply and the relevant provisions of the Issue Terms shall be deemed to be completed on this basis and the corresponding line items in the Issue Terms may be deleted or reference to 'As per the Physical Settlement Matrix' may be inserted. For the avoidance of doubt, the provisions of the ISDA Physical Settlement Matrix that are not set out below and specified to be applicable shall not apply and no amendment shall be made to the Issue Terms in respect thereof.

<b>Provision</b>	<b>Applicable/Not Applicable</b>	<b>Amendments to ISDA Physical Settlement Matrix</b>
All Guarantees	Applicable	None
Credit Events	Applicable	References to "Floating Rate Payer Calculation Amount" shall be deemed to be references to "the relevant Reference Entity Notional Amount".
Obligation Category	Applicable	None
Obligation Characteristics	Applicable	None
Physical Settlement Period	Applicable	References to "Section 8.6 of the Definitions" shall be deemed to be references to "the definition of Physical Settlement Period in Credit Linked Condition 13".
Deliverable Obligation Category	Applicable	None
Deliverable Obligation Characteristics	Applicable	None
Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as	Applicable	(a) The reference to "Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (21 January 2005)" shall be deemed to be a reference to "Credit Linked Condition 16 –

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

<u>Provision</u>	<u>Applicable/Not Applicable</u>	<u>Amendments to ISDA Physical Settlement Matrix</u>
Reference Entity (21 January 2005)		<p><i>Provisions taken from the ISDA supplement titled "Additional Provisions – Monoline Insurer as Reference Entity (January 2005)"; and</i></p> <p>(b) the reference to "the relevant Confirmation" shall be deemed to be a reference to "the applicable Issue Terms".</p>
Additional Provisions for LPN Reference Entities (3 October 2006)	Applicable	References to "Additional Provisions for LPN Reference Entities (3 October 2006)" shall be deemed to be references to Credit Linked Condition 18 ( <i>Provisions taken from the ISDA supplement titled "Additional Provisions for LPN Reference Entities" (published on 3 October 2006)</i> ).

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

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

- (a) interest (if any) shall cease to accrue on the Credit Linked Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit Linked Notes; and
- (b) each Credit Linked Note will be redeemed by the Issuer at its relevant Reference Obligation Only Termination Amount specified in, or determined in the manner specified in, the Issue Terms in the Specified Currency on the Maturity Date, which for the purposes of this Credit Linked Condition 21 shall be the day falling five Business Days following the relevant Substitution Event Date.

22. **DC Resolution Adjustment Events**

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



**ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES**

**FORM OF NOTES****Bearer Notes**

Each Tranche of Bearer Notes will be initially issued in the form of a temporary bearer global note (a "**Temporary Bearer Global Note**") or a permanent global note (a "**Permanent Bearer Global Note**") and, together with a Temporary Bearer Global Note, each a "**Bearer Global Note**") as indicated in the Issue Terms, which, in either case, will (i) if the Global Notes are intended to be issued in new global note ("NGN") form, as stated in the Issue Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; or (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the Issue Terms, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Issue Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held means that the Notes of a particular Tranche are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, coupons and talons attached (as indicated in the Issue Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the Issue Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The Issue Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (1) an Event of Default (as defined in General Condition 8) has occurred and is continuing, (2) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (3) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer

## FORM OF NOTES

Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with General Condition **12** if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Issuer, as the case may be, may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent. If the Global Note is a NGN, the Issuer shall procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system.

In the event that the Permanent Bearer Global Note is exchanged for definitive Bearer Notes, such definitive Bearer Notes shall be issued in the minimum Specified Denomination only. Other than in limited circumstances, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination). Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of the Specified Denomination may need to purchase or sell, on or before the Exchange Date, a nominal amount of Notes such that their holding is an integral multiple of the Specified Denomination.

The following legend will appear on all Permanent Bearer Global Notes and definitive Bearer Notes (other than Temporary Global Notes), and interest coupons relating to such Notes where TEFRA D is specified in the Issue Terms:

**"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE."**

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or Coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Book Entry Notes**

The Book Entry Notes are issued in dematerialised book entry form ("*forma escritural*") and are "*nominativas*" (i.e. Interbolsa, at the Issuer's request, can ask the Affiliated Members information regarding the identity of the Noteholders and transmit such information to the Issuer). The Book Entry Notes are issued in any specified denomination **provided that** in the case of any Book Entry Notes which are to be admitted to trading on a regulated market within the European Economic Area or (until the end of the transition period under the UK-EU Withdrawal Agreement) the United Kingdom or offered to the public in a Member State of the European Economic Area or (until the end of the transition period under the UK-EU Withdrawal Agreement) the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be as indicated in the applicable Issue Terms.

The Book Entry Notes will be registered by Interbolsa as management entity of Central de Valores Mobiliários.

The Notes may be held in a manner which would allow Eurosystem eligibility. Any indication that the Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Book Entry Notes will only be tradable in one Specified Denomination.

As of the date of this Base Prospectus, the Book Entry Notes may only be issued in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian dollars and Canadian dollars.

## FORM OF NOTES

Each person shown in the individual securities accounts held with an Affiliated Member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "**Certificate**") will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code ("*Código dos Valores Mobiliários*").

Any holder of Book Entry Notes will (except as otherwise required by law) be treated as its absolute owner for all purposes regardless of the theft or loss of, the Certificate issued in respect of it and no person will be liable for so treating any holder of Book Entry Notes.

### General

Pursuant to the Agency Terms (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, voting, giving consents or making requests, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Except in relation to Notes issued in NGN form, any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Issue Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent. A Note may be accelerated by the holder thereof in certain circumstances described in General Condition 8. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note within a period of 15 days from the giving of a notice by a holder with Euroclear or Clearstream, Luxembourg of such Notes so represented and credited to its securities account that it wishes to accelerate such Notes, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg on and subject to the terms of a deed of covenant the form of which is set out in the Agency Terms (the "**Deed of Covenant**").

**FORM OF FINAL TERMS**

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

FINAL TERMS

[Date]

**BANCO COMERCIAL PORTUGUÊS, S.A.**

*(a company with limited liability incorporated under Portuguese law)*  
(the "Issuer")

**Legal entity identifier (LEI): JU1U6S0DG9YLT7N8ZV32**

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

under the €2,000,000,000

Structured Medium Term Note Programme

**[PROHIBITION OF SALES TO EEA [AND UK] RETAIL INVESTORS** –The Notes are not intended [, from [•],] 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") [or in the United Kingdom (the "United Kingdom" or 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 (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "MiFID II")] / [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 the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA [or in the United Kingdom] [has been prepared/will be available following [•]] and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA [or in the United Kingdom] may be unlawful under the PRIIPs Regulation.]

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II") / [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (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 Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II")/[MiFID II]; *EITHER* [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] *OR* [(ii) all channels for distribution to eligible counterparties and professional client are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,and] portfolio management[,and][non-advised sales][and pure execution services]], subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (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 Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution

## FORM OF FINAL TERMS

channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

These Notes are not intended for, and are not to be offered to, the public in any jurisdiction of the EEA]<sup>5</sup> Any person making or intending to make an offer of the Notes may only do so[

- (a) In those Non-exempt Offer Jurisdictions mentioned in Paragraph 9.6 of Part B below, provided such person is of a kind specified in that paragraph, a Dealer, Manager or an Authorised Offeror (as such term is defined in the Base Prospectus (as defined below)) and that the offer is made during the Offer Period specified in that paragraph and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (b) otherwise]<sup>6</sup> in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>2</sup>

### PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the base prospectus dated 5 June 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes 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 Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [An issue specific summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms]<sup>3</sup>. The Base Prospectus has been published on the websites of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).]

[Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the base prospectus dated 13 February 2019 which are incorporated by reference in the base prospectus dated 5 June 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the base prospectus dated 5 June 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [A summary of the Notes is annexed to these Final Terms]<sup>4</sup>. The Base Prospectus has been published on the websites of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") ([www.ise.ie](http://www.ise.ie)).]<sup>5</sup>

*The following alternative language applies in respect of issues of Notes where the Offer Period will continue after the expiration of the base prospectus under which it was commenced, provided that a succeeding base prospectus is approved and published no later than the last day of validity of the previous base prospectus*

[Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the Base Prospectus dated 5 June 2020 [and the supplement[s] thereto dated [●]] (copies of which are available as described below) (the "**2020 Base Prospectus**"), notwithstanding the approval of an updated base prospectus which will replace the 2020 Base Prospectus (the "**2021 Base Prospectus**"). This document constitutes the Final

<sup>2</sup> To be deleted in respect of the issue of Notes having a maturity of less than 365 days as a commercial paper under the Programme and all language relating to compliance with the Prospectus Regulation hereunder shall be removed in such instances.

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

<sup>4</sup> Include this wording if the Specified Denomination is less than €100,000 (or its equivalent in another currency).

<sup>5</sup> This alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

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Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and (i) prior to the publication of the 2021 Base Prospectus, must be read in conjunction with the 2020 Base Prospectus [as so supplemented] and (ii) after the publication of the 2021 Base Prospectus, must be read in conjunction with the 2021 Base Prospectus, save in respect of the Conditions which are extracted from the 2020 Base Prospectus [as so supplemented]. The 2020 Base Prospectus [as so supplemented] constitutes, and the 2021 Base Prospectus will constitute, a base prospectus for the purposes of the Prospectus Regulation.

Full information on the Issuer and the offer of Notes described herein is only available on the basis of a combination of these Final Terms and (i) prior to the publication of the 2021 Base Prospectus, the 2020 Base Prospectus [as so supplemented] and (ii) after the publication of the 2021 Base Prospectus, the 2021 Base Prospectus, save in respect of the Conditions which are extracted from the 2020 Base Prospectus [as so supplemented]. [A summary of the Notes is annexed to these Final Terms]<sup>6</sup>. The 2020 Base Prospectus [(including the supplements thereto)] has been, and the 2021 Base Prospectus will be, published on the websites of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") ([www.ise.ie](http://www.ise.ie)).]

[Investors should note that if a supplement to or an updated version of the Base Prospectus is published at any time during the Offer Period (as defined below), such supplement or updated Base Prospectus as the case may be, will be published and made available in accordance with the arrangements applied to the original publication of these Final Terms. Any investors who have indicated acceptances of the Offer (as defined below) prior to the date of approval of such supplement or updated version of the Base Prospectus, as the case may be (the "**Approval Date**"), have the right within two working days of the Approval Date to withdraw their acceptances.]<sup>7</sup>

[The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States, and the Notes may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person. Furthermore, the Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the "**CEA**"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Notes. For a description of the restrictions on offers and sales of the Notes, see "*Subscription and Sale*" in the Base Prospectus.

As used herein, "**U.S. person**" includes any "**U.S. person**" or person that is not a "**non-United States person**" as such terms are defined in Regulation S and in regulations adopted under the CEA, respectively.]<sup>8</sup>

[These Final Terms may be considered structured products in Switzerland. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, they are not subject to the supervision of the Swiss Financial Market Supervisory Authority, FINMA. [The Notes are not being distributed to non-qualified investors in or from Switzerland and neither these Final Terms nor any offering materials relating to the Notes may be available to non-qualified investors in or from Switzerland. Distribution of the Notes of these Final Terms in or from Switzerland is only made by way of private placement to, and is directed exclusively at, qualified investors (as defined in the CISA and its implementing ordinance). Each copy of these Final Terms is addressed to a specifically named recipient and shall not be passed on to a third party.]]<sup>9</sup><sup>10</sup>

*Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms. Where the context so permits, Terms in these Final Terms may be attributed a numerical or letter suffix value when included hereon. Without limitation, the suffix can be denoted as "j", "k", "m", "q", "n", "t" or "i" and the term may be completed on the basis of the*

<sup>6</sup> Include this wording if the Specified Denomination is less than €100,000 (or its equivalent in another currency).

<sup>7</sup> Include this where the Offer Period will continue after the expiration of the base prospectus under which it was commenced, provided that a succeeding base prospectus is approved and published no later than the last day of validity of the previous base prospectus.

<sup>8</sup> Include for Restricted Notes or Notes that have been determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States or to a U.S. person.

<sup>9</sup> Delete where offer intended to non-qualified investors in or from Switzerland.

<sup>10</sup> Delete where no offer into Switzerland is intended.

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number or numbers represented by j, k, m, q, n, t or i, as chosen at the time of an issue of Notes. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and explained and may be presented as a table, if necessary, in the Final Terms.

When used in these Final Terms, "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

1. (a) Issuer: Banco Comercial Português, S.A.
- (b) [Principal Paying Agent][Portuguese Paying Agent]: [Banco Comercial Português, S.A.][specify name]
- (c) Calculation Agent: [Banco Comercial Português, S.A.][specify name]
2. (a) Series Number: [specify]
- (b) Tranche Number: [specify]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date][the date that is 40 days after the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 46 below, which is expected to occur on or about [date]][Not applicable]
- (d) Applicable Annex(es): [Not applicable]  
[Annex 1: Additional Terms and Conditions for Payouts]  
[Annex 2: Additional Terms and Conditions for Index Linked Notes]  
[Annex 3: Additional Terms and Conditions for Equity Linked Notes]  
[Annex 4: Additional Terms and Conditions for Inflation Linked Notes]  
[Annex 5: Additional Terms and Conditions for Fund Linked Notes]  
[Annex 6: Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes]  
[Annex 7: Additional Terms and Conditions for Credit Linked Notes]  
(More than one Annex may apply)
3. Specified Notes Currency or Currencies: [specify] [(the "**SER Subject Currency**") for the purpose of the Specified Denomination and calculations [and payments other than those to which the Settlement Exchange Rate Provisions are specified to apply;] and (payments [to which the Settlement Exchange Rate Provisions are specified to apply] shall



be made in [specify] (the "**Settlement Currency**")]

4. Aggregate Nominal Amount:
- (a) Series: [specify]
- [The Notes are Partly Paid Notes and [(For Partly Paid Notes, specify the dates and amounts for the payment of aggregate nominal amount)]]
- (b) Tranche: [specify]
5. Issue Price: [specify]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] [converted into the Settlement Currency at the Initial SER, being [specify amount] in respect of the Aggregate Nominal Amount where "**Initial SER**" means [specify]]
6. (a) Specified Denomination(s): [specify]
- (b) Minimum Tradable Amount: [specify][Not applicable]
- (If the Specified Denomination is less than €100,000 the Notes must have a Minimum Tradable Amount of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 4(c) of the Prospectus Regulation)*
- (c) Calculation Amount (in relation to calculation of interest in global form see Conditions): [specify][*(Insert the following in the case of Instalment Notes):* (the "**Original Calculation Amount**") minus, for the purposes of any calculation by reference to the Calculation Amount on any day, the sum of the Instalment Amounts paid prior to the relevant day [save for the purposes of calculation of any [Interest Amount][Final Redemption Amount][Early Redemption Amount][Automatic Early Redemption Amount][Optional Redemption Amount][Entitlement Amount] [[payable][deliverable] on [specify]] for which purposes the Original Calculation Amount will continue to apply.]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [specify]
- (b) Interest Commencement Date: [specify][Issue Date][Not applicable]

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*(An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: [The Interest Payment Date falling on or nearest to] [*specify*][or if that is not a Business Day the immediately [succeeding][preceding] Business Day [unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day] [(the "**Scheduled Maturity Date**")]] [or such [later] date for redemption determined as provided in the [[Fund Linked][Credit Linked Conditions]][or, in all circumstances if applicable, such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Payout Condition 6.]
9. Interest Basis: [[*specify*] [per cent.] [per annum] Fixed Rate]  
[[LIBOR][EURIBOR][*specify* CMS Rate][*specify*] [+/- [*specify*]%] Floating Rate]  
[Specified Interest Amount]  
[Zero Coupon]  
[Reference Item Linked Interest:  
*(specify one or more of the following)*  
[Index Linked Interest]  
[Equity Linked Interest]  
[Inflation Linked Interest]  
[Reference Item Rate Linked Interest]  
[Fund Linked Interest]  
[Foreign Exchange (FX) Rate Linked Interest]  
[Combination Interest]]  
[and converted into the Settlement Currency by reference to the applicable Settlement Exchange Rate]][only in the specific circumstance set out in the Interest Rate Payout Formula]]  
*(See paragraph 17 below)*  
[Not applicable]
10. Redemption basis: [Redemption at [par][*specify*][see paragraph 29 (Final Redemption Amount:) below]  
[Index Linked Redemption]

[Equity Linked Redemption]

[Inflation Linked Redemption]

[Reference Item Rate Linked Redemption]

[Fund Linked Redemption]

[Credit Linked Redemption]

[Foreign Exchange (FX) Rate Linked Redemption]

[Combination Redemption]

[Instalment]

[and converted into the Settlement Currency by reference to the applicable Settlement Exchange Rate] [only in the specific circumstances set out in the Final Payout Formula] (*see paragraph 14 below*) [subject to Variation of Settlement, (*see paragraph 45 below*)]

*[(If the Final Redemption Amount is other than 100% of the nominal value on Issue the Notes may be derivative securities for the purposes of the Prospectus Regulation and the requirements of Annex XVII to the Prospectus Regulation will apply)]*

11. Reference Item(s):

[The following Reference Item(s)[(k)] [(from [k] = 1 to [(k)[specify])] will apply [for [Interest][and][Redemption] determination purposes:][Not applicable]

[For [k]=1][specify][insert description][(see paragraph [specify])]

*(Repeat if necessary)*

[and]

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

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

*(Repeat if necessary)*

12. Put/Call Options:

[Not applicable]

[Noteholder Put Option]

[Issuer Call Option]

[(see paragraph[s] [32][33] below)]

13. Date of [Board] approval:

[ ] [Not applicable]

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14. Settlement Exchange Rate Provisions: [Not applicable][Applicable [in respect of][all payments] [payments of [Interest][Principal] only][only those payments to which the Settlement Exchange Rate Provisions are specified to apply.]
- [see paragraph[s] [specify] below)]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Settlement Exchange Rate: [Specify rate] [As per Payout Condition 6]
- (if a rate is specified then delete the remaining subparagraphs of this paragraph).*
- (ii) SER Valuation Date(s): [specify] [[specify] SER Scheduled Trading Days prior to the [scheduled] [specify each payment date]]
- (where different SER Valuation Dates apply to different payment dates, specify in respect of each applicable payment date)*
- (iii) Provisions applicable to determining the Settlement Exchange Rate: For the purpose of the definition of Settlement Exchange Rate in Payout Condition 6:
- SER Price Source: [specify]
- SER Valuation Time: [specify]
- SER Scheduled Trading Day Jurisdiction: [specify]
- (iv) SER Disruption Events: [Price Source Disruption]
- [Illiquidity Disruption]
- [Dual Exchange Rate]
- [General Inconvertibility]
- [General Non-Transferability]
- [Material Change in Circumstance]
- [Nationalisation]
- [Price Materiality, where:
- SER Price Materiality Percentage: [specify][3]%
- SER Primary Rate: [specify][The rate determined as set out in the definition of Settlement Exchange Rate]
- SER Secondary Rate: [specify][SER First Fallback Reference Price [and]][SER Second Fallback Reference Price]]

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- (v) SER Disruption Fallbacks (for Price Source Disruption and Price Materiality only): The following Disruption Fallbacks apply in the following order:

[Valuation Postponement]

SER Number of Postponement Settlement Days: [[Two][specify]] [Business Days][SER Settlement Days] [specify]

SER Maximum Days of Postponement: [specify]

[First Fallback Reference Price, where:

SER First Fallback Price Source: [specify]

SER First Fallback Valuation Time: [specify]

SER First Fallback Number of Settlement Days: [specify]]

[Second Fallback Reference Price, where:

SER Second Fallback Price Source: [specify]

SER Second Fallback Valuation Time: [specify]

SER Second Fallback Number of Settlement Days: [specify]]

[Calculation Agent Determination] (specify fallbacks required and arrange order in which to be applied)

- (vi) SER Cumulative Events: [Not applicable][Applicable and Maximum Cumulative Days of Postponement means [specify]]

- (vii) SER Number of Settlement Days: [Two][Zero][specify other] [where SER Settlement Day Centre(s) means [specify]]

- (viii) SER Additional Disruption Event: (Specify each of the following which applies) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]

[Trade Date means [specify]]

15. Knock-in Event: [Not applicable][Applicable: Knock-in Value [in respect of [a/the] Knock-in Determination Day] is [greater than][greater than or equal to][less than][less than or equal to] the Knock-in[Level][Price][[within][outside] the Knock-in Range] (Only applicable if a payment to be made in respect of the Notes is subject to a condition precedent that a Knock-in Event has occurred. If not applicable,

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*delete the remaining sub-paragraphs of this paragraph)*

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

*(Insert for Reference Item Linked Notes)*

- (i) Knock-in Value: *[insert definition from Payout Condition 5.2]*
- (ii) Knock-in Level/Knock-in Price: *[specify value or percentage]*
- (iii) Knock-in Range: From and [including][excluding] *[specify range of values, percentages, level, or prices etc]* to and [including][excluding] *[specify range of values, percentages, level, or prices etc]* [Not applicable]
- (iv) Knock-in Determination Day(s): *[specify][Each Scheduled Trading Day in the Knock-in Determination Period][Not applicable]*  
  
*[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]*
- (v) Knock-in Determination Period: *[specify][Not applicable]*
- (vi) Knock-in Period Beginning Date: *[specify][Not applicable]*
- (vii) Knock-in Period Beginning Date Scheduled Trading Day Convention: [Applicable][Not applicable]
- (viii) Knock-in Period Ending Date: *[specify][Not applicable]*
- (ix) Knock-in Period Ending Date Scheduled Trading Day Convention: [Applicable][Not applicable]
- (x) Knock-in Valuation Time: *[specify][Scheduled Closing Time][Any time on a Knock-in Determination Day][Not applicable]*

16. Knock-out Event: [Not applicable][Applicable: The Knock-out Value [in respect of [a/the] Knock-out Determination Day] is [greater than][greater than or equal to][less than][less than or equal to] the Knock-out [Level][Price] [within] [outside] the Knock-out Range]

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

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

*(Insert for Reference Item Linked Notes)*

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- (i) Knock-out Value: *[insert definition from Payout Condition 5.2]*
- (ii) Knock-out Level/Knock-out Price: *[specify value or percentage]*
- (iii) Knock-out Range: From and *[including][excluding]* *[specify range of values, percentages, level, or prices etc]* to and *[including][excluding]* *[specify range of values, percentages, level, or prices etc]* *[Not applicable]*
- (iv) Knock-out Determination Day(s): *[[From and including][From and excluding][To and including][To but excluding][specify]]*  
*[specify][Each Scheduled Trading Day in the Knock-out Determination Period][Not applicable]*  
*[In the event that a Knock-out Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]*
- (v) Knock-out Determination Period: *[specify][Not applicable]*
- (vi) Knock-out Period Beginning Date: *[specify][Not applicable]*
- (vii) Knock-out Period Ending Date: *[specify][Not applicable]*
- (viii) Knock-out Period Beginning Date Scheduled Trading Day Convention: *[Applicable][Not applicable]*
- (ix) Knock-out Period Ending Date Scheduled Trading Day Convention: *[Applicable][Not applicable]*
- (x) Knock-out Valuation Time: *[specify][Scheduled Closing Time][Any time on a Knock out Determination Day][Not applicable]*

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

17. **Interest:** *[Applicable][Not applicable]*  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period End Date(s): *[specify][General Condition 3(b)(i)(ii) applies][Not applicable]*
- (ii) Business Day Convention for Interest Period End Date(s): *[Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable]*  
*(if unadjusted specify not applicable. If adjusted specify same Business Day Convention as for Interest Payment Dates)*
- (iii) Interest Payment Date(s): *[specify] [or such later date for payment determined as provided in the Settlement]*

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Exchange Rate Provisions set out in Condition 6 of the Payout Conditions].

(iv) Business Day Convention for Interest Payment Date(s): [Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable]

(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)

(v) Minimum Interest Rate: [[specify][per cent.][per annum]][Not applicable]

(If a Minimum Interest Rate applies for each Interest Period, the Minimum Interest Rate shall be specified separately for each Interest Period)

(vi) Maximum Interest Rate: [[specify][per cent.][per annum]][Not applicable]

(If a Maximum Interest Rate applies for each Interest Period, the Maximum Interest Rate shall be specified separately for each Interest Period.)

(vii) Day Count Fraction: [30/360][Actual/Actual [(ICMA)][(ISDA)]] [Actual/365 [(Fixed)][(Sterling)]] [Actual/360] [30/360/] [360/360] [Bond Basis] [30E/360 [(ISDA)]] [Eurobond Basis] [1/1] [1] [Not applicable]

(Where Actual/Actual ICMA is applicable, insert Determination Date(s) below)

(Repeat for each Interest Basis as necessary)

(viii) Determination Date(s): [[specify][in each year]][Not applicable]

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

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



(The above formulation may be repeated as necessary for each relevant interest type below)

[Fixed Rate]

[Floating Rate]

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

[Rate of Interest (i)]

[Rate of Interest (ii)]

[Rate of Interest (iii)]

[Rate of Interest (iv)]

[Rate of Interest (v)]

[Rate of Interest (vi)]

[Rate of Interest (vii)]

[Rate of Interest (viii)]

[Rate of Interest (ix)]

[Rate of Interest (x) – Range Accrual]

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

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

[Rate of Interest (xiii) – Ramses]

[Rate of Interest (xiv) – Mozart]

[Rate of Interest (xv) – Mozart Variable]

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

[Rate of Interest (xvii) – Cappuccino]

[Rate of Interest (xviii) – Best Replace]

[Rate of Interest (xix) – Cliquet]

[Rate of Interest (xx) – Cliquet Digital]

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

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

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

[Rate of Interest (xxiv) – TARN]

[Rate of Interest (xxv) – Ratchet]

[Rate of Interest (xxvi) – Multiplier]

[Rate of Interest (xxvii) – Barrier Count Condition]

[Rate of Interest (xxviii) – Podium]

[Rate of Interest (xxix) – Compensation]

[Rate of Interest (xxx) – Dual Currency Digital Coupon]

[Rate of Interest (xxxi) – Lock-in Coupon Barrier]

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

[Not applicable] (insert for Specified Interest Amount Notes)

18. **Fixed Rate Note Provisions:**

[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including [specify]] only]][Not applicable]

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

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

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

(i) **Rate(s) of Interest:**

[[specify] [per cent. [per annum] payable [annually][semi-annually][quarterly][monthly] in arrear on each Interest Payment Date][Not applicable]

(Amend appropriately in the case of irregular coupons)

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- (ii) Fixed Coupon Amount(s): [[specify] per Calculation Amount][Not applicable]
- (iii) Broken Amount(s): [[specify] per Calculation Amount, payable on the Interest Payment Date[s] falling [in][on][specify]][Not applicable]
19. **Floating Rate Note Provisions:** [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including [specify] only]][Not applicable] [for purposes only of determining the "Rate" element of the Rate of Interest specified in item 17(ix)] (insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix))
- (In respect of Credit Linked Notes) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
- (If more than one floating rate is to be determined, repeat items [Specify] to [Specify] for each such rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s): [specify length of period] [Not applicable]
- (ii) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination][ISDA Determination]
- (iii) Screen Rate Determination: [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Reference Rate: [specify period] [month] [year] [LIBOR] [EURIBOR] [CMS Rate with a Designated Maturity of [insert years]] [specify Government Bond Yield Rate] [specify TEC Rate] [with a Designated Maturity of [insert year]
- (b) Interest Determination Date(s): [specify]
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2

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System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

(c) Specified Time: [specify]

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

(d) Relevant Screen Page: [specify] (to be determined in accordance with General Condition 4(b)(iv))

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(iv) ISDA Determination: [Applicable][Not applicable]

(a) Floating Rate Option: [specify]

(b) Designated Maturity: [specify]

(c) Reset Date: [specify]

(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)

(v) Linear Interpolation: [Not applicable][Applicable - the Rate of Interest for the [long][short] [first][last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

(vi) Margin(s): [[+/-][specify][per cent][per annum]][Not applicable]

(If a Margin applies for each Interest Period, the Margin shall be specified separately for each Interest Period)

20. **Specified Interest Amount Note** [Applicable][Not applicable] (If not applicable delete the remaining subparagraphs of this paragraph)

(i) Specified Interest Amount(s): [In respect of the [following] Specified Interest Payment Dates [from and including [specify] to and including [specify]], [specify] per Calculation Amount

(repeat as necessary)

(ii) Specified Interest Payment Date(s): [specify][[Each][The] Interest Payment Date falling on or nearest to] [specify][from and including [the Interest Payment Date falling on or nearest to] [specify] to and including [the Interest Payment Date falling on or

nearest to][specify]][, as adjusted in accordance with the Business Day Convention]

21. **Zero Coupon Note Provisions:**

[Applicable][Not applicable]

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

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

(i) Accrual Yield:

[specify]% [per annum]

(ii) Reference Price:

[specify]

(If a different Reference Price and/or Accrual Yield applies to each Period, the Accrual Yield and/or Reference Price shall be specified separately for each such Period.)

22. **Index Linked Interest Provisions:**

[Applicable] [in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including [specify] only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] (insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix))

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

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

(i) Index/Basket of Indices:

[specify] [Reference Item[s][k]]

[Composite][non Composite]

[Weighting: [[Not applicable][specify] Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]

(ii) Index Currency:

[specify]

(iii) Exchange(s) and Index Sponsor:

(a) the relevant Exchange[s] [is][are] [specify]; and

(b) the relevant Index Sponsor is [specify].

(iv) Related Exchange:

[specify][All Exchanges]

(v) Screen Page:

[specify]

(vi) Strike Date:

[specify][Not applicable]

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

- Delayed Redemption on Occurrence of Index Adjustment Event: [Applicable][Not applicable]
- (xviii) Additional Disruption Events: [Not applicable] [The following Additional Disruption Events apply to the Notes:
- (Specify each of the following which applies)
- [Change in Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- [Increased Cost of Stock Borrow]
- [Loss of Stock Borrow]
- [The Trade Date is [specify].] (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)
- [The Maximum Stock Loan Rate in respect of [specify] is [specify]] (*Only applicable if Loss of Stock Borrow is applicable*)
- The Initial Stock Loan rate in respect of [specify] is [specify] (*Only applicable if Increased Cost of Stock Borrow is applicable*)
- Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]
- (xix) Market Disruption: Specified Maximum Days of Disruption will be equal to [specify][five][Not applicable]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)
23. **Equity Linked Interest Provisions:** [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during] the period from and including] [specify] [to and including [specify]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] (*insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix)*)
- (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
- (i) Share(s)/Share Company/Basket of Shares/Basket Company: [specify] [Reference Item[s]][k]]

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- [Weighting: [Not applicable][*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]
- (ii) Share Currency: [*specify*]
- (iii) ISIN of Share(s): [*specify*]
- (iv) Screen Page: [*specify*]
- (v) Exchange(s): [*specify*]
- (vi) Related Exchange(s): [*specify*][All Exchanges]
- (vii) Depositary Receipt provisions: [Applicable][Not applicable]
- (a) Details of Depositary Receipt: [*specify name and ISIN code*]
- (b) Underlying Shares: [*specify*]
- (c) Underlying Share Issuer: [*specify*]
- (d) Share Exchange: [*specify*]
- (viii) Strike Date: [*specify*][Not applicable]
- (ix) Strike Period [and Strike Days]: [*specify Strike Period*][Not applicable][*specify the applicable Strike Days in the Strike Period*]
- (x) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [*specify*] [See paragraph [*specify*] above]
- [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]
- [[Specified Maximum Days of Disruption will be equal to: [*specify*][five]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xi) Coupon Valuation Date(s)/Period(s): [*specify*][Not applicable]
- (xii) Coupon Valuation Time: [Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Observation Period]] [*specify*], being the time specified on the relevant [Coupon Valuation Date] or an Averaging Date, as the case may be, for the calculation of the Interest Amount
- (If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)*
- (xiii) Observation Date(s): [*specify*][Not applicable]



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- [In the event that an Observation Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
- (xiv) Observation Period: [specify][Not applicable]
- (xv) Exchange Business Day: [(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
- (xvi) Scheduled Trading Day: [(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
- (Must match election for Exchange Business Day)*
- (xvii) Share Correction Period: [As set out in Equity Linked Condition 8][specify]
- (xviii) Disrupted Day: [As set out in Equity Linked Condition 8][specify]
- (xix) Market Disruption: Specified Maximum Days of Disruption will be equal to [specify][five][Not applicable]
- (If no Specified Maximum Days of Disruption is stated, Specified Maximum Days of Disruption will be equal to five)*
- (xx) Extraordinary Events: [Not applicable][In addition] to [De-Listing, Insolvency, Merger Event and Nationalization], [the following Extraordinary Events apply to the Notes]:
- (specify each of the following which applies)*
- [Tender Offer]
- [Listing Change]
- [Listing Suspension]
- [Illiquidity]
- [Delayed Redemption on Occurrence of Extraordinary Disruption Event]
- (xxi) Additional Disruption Events: [Not applicable][The following Additional Disruption Events apply to the Notes:
- (Specify each of the following which applies)*
- [Change in Law]
- [Hedging Disruption]
- [Insolvency Filing]
- [Failure to Deliver due to Illiquidity]

*(Only applicable in the case of Physically Settled Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physically Settled Notes)*

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[Stop-Loss Event]

[Stop-Loss Event Percentage: *[specify]*%]

[The Trade Date is *[specify]*] (Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)

[The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share]* is *[specify]*] (Only applicable if Loss of Stock Borrow is applicable)

[[The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share]* is *[specify]*] (Only applicable if Increased Cost of Stock Borrow is applicable)]

Delayed Redemption on Occurrence of Additional Disruption Event:  
[Applicable][Not applicable]

24. **Inflation Linked Interest Provisions:**

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

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

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

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

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- (i) Index / Indices: [specify] [Reference Item[s] [(k)]]  
*(Set out each Index level and insert "in respect of [specify date]" following each Index level)*
- (ii) Screen Page/Exchange/ CODE: [specify]
- (iii) Cut-Off Date: [As per the Inflation Linked Conditions][specify]
- (iv) Related Bond: [specify][Fall Back Bond][Not applicable]
- (v) Fallback Bond: [Applicable][Not applicable]
- (vi) Index Sponsor: [specify]
- (vii) Related Bond Redemption Event: [Applicable][Not applicable]
- (viii) Strike Date: [specify][Not applicable]
- (ix) Strike Period [and Strike Days]: [Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]
- (x) Determination Date [specify][Not applicable]
- (xi) Additional Disruption Events: [Not applicable][The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[The Trade Date is [specify]. *(Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*]]

25. **Fund Linked Interest Provisions:**

[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including [specify]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix)),*  
  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
  
*(In respect of Credit Linked Notes)* [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]

- (i) Fund/Fund Basket(s): [specify] [Reference Item[s] [(k)]]

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[The *specify*] Fund is an Exchange Traded Fund]

[The NAV per Fund Share will be purchased on *specify*] (*include for funds that are not ETFs*) (*where the Fund is not an ETF, for listed Notes, the Fund must be a UCITS Fund or an investment fund authorised by the Central Bank of Ireland or the Competent Authority of another EU Member State or the United Kingdom deemed equivalent by Euronext Dublin*)

(ii) Fund Shares:

[*specify*]

[Weighting: *specify*][Not applicable] Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]

(iii) Exchange:

[*specify*][Not applicable]

*(only applicable to ETFs)*

*(If "Not applicable" then for listed Notes, the Fund must be a UCITS Fund or an investment fund authorised by the Central Bank of Ireland or the Competent Authority of another EU Member State or the United Kingdom deemed equivalent by Euronext Dublin.)*

(iv) Related Exchange:

[*specify*][All Exchanges][Not applicable]

*(only applicable to ETFs)*

(v) Exchange Business Day:

[*specify*][Not applicable]

*(only applicable to ETFs)*

(vi) Scheduled Trading Day:

[(All Fund Share Basis)][(Per Fund Share Basis)][(Single Fund Share Basis)][(Cross Asset Basis)]

*(only applicable to ETFs)*

(vii) Strike Date:

[*specify*][Not applicable]

*(only applicable to ETFs)*

(viii) Averaging:

Averaging [applies][does not apply] to the Notes [The Averaging Dates are *specify*][see paragraph *specify* above]

[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply]

[[Specified Maximum Days of Disruption will be equal to: *specify*][five]]

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

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

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- (xxvi) Termination Date: [specify][Not applicable]
- (xxvii) Protected Amount: [specify][Not applicable]
- (xxviii) Simple Interest Spread: [specify][As set out in Fund Linked Condition 7] [Not applicable]
- (xxix) Spread: [specify][Not applicable]
- (xxx) Market Disruption: [Not applicable][Specified Maximum Days of Disruption will be equal to [specify][five]]  
*(if no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xxxi) Extraordinary Fund Event: As set out in Fund Linked Condition 4  
Delayed Redemption on the Occurrence of an Extraordinary Fund Event: [Applicable][Not applicable]
- (xxxii) Additional Extraordinary Fund Event: [Not applicable][The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[The Trade Date is [specify]] *(only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*  
*(Specify whether each Additional Extraordinary Fund Event is a Substitution Event or a Termination Event)*
- (xxxiii) Delayed Payment Cut-Off Date: [As set out in Fund Linked Condition 6][specify]
26. **Foreign Exchange (FX) Rate Linked Interest Provisions:** [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including [specify]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix))*  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
*(In respect of Credit Linked Notes) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]*

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- (i) Base Currency: [specify][Not applicable][For Reference Item[(k)]: [insert]]
- (ii) Subject Currency/Currencies: [specify][Not applicable][For Reference Item[(k)]: [insert]] [and EM Foreign Exchange Rate Provisions apply to such Subject Currency]
- (iii) Additional Disruption Event: (Specify each of the following which applies)  
 [Change in Law] [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Trade Date means [specify]]
- (iv) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify]] [see paragraph [specify] above]  
 [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply  
 [[Specified Maximum Days of Disruption will be equal to: [specify]][five]]  
 (if no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)
- (v) Observation Date(s): [specify][Not applicable]
- (vi) Observation Period: [specify][Not applicable]
- (vii) Strike Date: [specify][Not applicable]
- (viii) Strike Period [and Strike Days]: [Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]
- (ix) Coupon Valuation Date(s)/Period(s): [specify][Not applicable]
- (x) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions do not apply to a Settlement Currency: [Applicable [in respect of [specify Subject Currencies to which these provisions apply where there is a Basket]]][Not applicable]  
 (Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)
- (a) Delayed Redemption on the Occurrence of a Disruption Event: [Applicable][Not applicable]
- (b) Relevant Screen Page: [specify][Not applicable]
- (c) Specified Maximum Days of Disruption: [Specified Maximum Days of Disruption will be equal to: [specify]][five]][Not applicable]

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

- (d) Price Source: [specify]
- (e) Valuation Time: [specify][As per Foreign Exchange (FX) Rate Linked Note Condition 6]
- (xi) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions apply: [Applicable [in respect of [specify Subject Currencies to which these provisions apply where there is a Basket]]][Not applicable]
- (Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)
- (a) Provisions applicable to determining the Settlement Price: For the purpose of the definition of Settlement Price in Foreign Exchange (FX) Rate Linked Note Condition 6 [and [specify the relevant Subject Currency where more than one Subject Currency]]:
- EM FX Price Source: [specify]
- EM Valuation Time: [specify]
- EM Scheduled Trading Day Jurisdiction: [specify]
- (b) EM Disruption Events: [Price Source Disruption]
- [Illiquidity Disruption]
- [Dual Exchange Rate]
- [General Inconvertibility]
- [General Non-Transferability]
- [Material Change in Circumstance]
- [Nationalisation]
- [Price Materiality, where:
- EM Price Materiality Percentage: [specify][3]%
- EM Primary Rate: [specify][The rate determined as set out in the definition of Settlement Price]
- EM Secondary Rate: [specify][[EM First Fallback Reference Price [and]][EM Second Fallback Reference Price]]
- (Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM*



*Disruption Events (or components thereof) also apply thereto)*

- (c) EM Disruption Fallbacks: [EM Calculation Agent Determination]
- [EM First Fallback Reference Price, where:
- First Fallback EM FX Price Source: [specify]
- First Fallback EM Valuation Time: [specify]
- First Fallback EM Number of Settlement Days: [specify]]
- [EM Second Fallback Reference Price, where:
- Second Fallback EM FX Price Source: [specify]
- Second Fallback EM Valuation Time: [specify]
- Second Fallback EM Number of Settlement Days: [specify]]
- [EM Valuation Postponement]
- (Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
- (d) EM Maximum Days of Postponement: [specify]
- (Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
- (e) EM Cumulative Events: [Not applicable][Applicable and EM Maximum Cumulative Days of Postponement means [specify]]
- (Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
- (f) EM Number of Settlement Days: [Two][Zero][specify other number of days] [where Settlement Day Centre(s) means [specify]]

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- (g) EM Number of Postponement Settlement Days: [[Two][specify]] [Business Days][EM Settlement Days] [specify]
27. **Reference Item Rate Linked Interest/Redemption:** [Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during] the period from and including] [specify] [to and including] [specify] only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] (*insert where "Rate of Interest x" - Range Accrual" applies under item 17(ix)*)
- (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
- [The [Floating][Fixed] Rate Note Provisions shall apply. For the purposes of determining the Reference Item Rate on the basis of elections in this paragraph]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (*If more than one Reference Item Rate is to be determined, include the following language: "Reference Item Rate [specify] is as follows:" and repeat items (i) to (vi)) below for each such Reference Item Rate*)
- (i) Screen Rate Determination: [Applicable][Not applicable]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Reference Item Rate: [specify period][month][year][LIBOR][EURIBOR][CMS Rate with a Designated Maturity of [insert year][specify Government Bond Yield Rate][specify TEC Rate] [with a Designated Maturity of [insert years]]
- (b) Interest Determination Date(s): [specify]
- (*e.g: Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR. Where the Rate of Interest is being used other than for a Floating Rate Note, ensure that this is not specified in respect of an Interest Period and the relevant Range Accrual Day may be specified where relevant for Range Accrual Notes.*)
- (c) Specified Time: [specify]

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

- (d) Relevant Screen Page: [specify]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (ii) ISDA Determination: [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Floating Rate Option: [specify]
- (b) Designated Maturity: [specify]
- (c) Reset Date: [specify]
- (iii) Reference Item Spread: [Reference Item Rate 1 minus Reference Item Rate 2][Not applicable]
- [See paragraph [ ]][above][below]
- (If a Reference Spread applies for each Interest Period, the Reference Spread shall be specified separately for each Interest Period.)*
- (iv) Coupon Valuation Date(s)/Period(s): [specify][Not applicable]
- (v) Rate Cut-Off Date: [specify] [See paragraph [ ]][specify][above][below][Not applicable]
- (vi) Business Day: As used in this item and for the purpose of determining the Reference Item Rate only, "Business Day" means [a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [specify] [A Target Settlement Day][ [a "U.S. Government Securities Business Day", being any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.]
- [Not applicable]
28. **Combination Note Interest:** [Applicable][Not applicable]
- (Applicable in relation to Interest linked to a combination of types of Reference Items)*
- (If applicable, complete relevant prompts from Paragraphs [17] to [27] above)*

**PROVISIONS RELATING TO REDEMPTION**

29. **Final Redemption Amount:** [Redemption at par][Calculation Amount \* [specify]%][Calculation Amount \* Final Payout] [, subject to [specify]][the application of the Settlement Exchange Rate Provisions [in the specified circumstances set out in the Final Payout Formula only]]
30. **Final Payout:** [Not applicable]
- (In respect of the following, insert formula from Payout Condition 2.2 and relevant definitions from Payout Condition 5)*
- [Redemption (i)]
- [Redemption (ii) – Call]
- [Redemption (iii) – Put]
- [Redemption (iv)]
- [Redemption (v) – Multiplier]
- [Redemption (vi) – Digital]
- [Redemption (vii) – Digital with Knock-in]
- [Redemption (viii) – Strike Podium n Conditions]
- [Redemption (ix) – Versus Standard]
- [Redemption (x) – Versus]
- [Redemption (xi) – Knock-in Standard]
- [Redemption (xii) – Twin Win]
- [Redemption (xiii) – Himalaya]
- [Redemption (xiv) – Podium]
- [Redemption (xv) – Booster]
- [Redemption (xvi) – Bonus]
- [Redemption (xvii) – Lock-in]
31. **Automatic Early Redemption:** [Applicable][Not applicable]
- (If applicable, specify one of the following)*
- [ST Automatic Early Redemption][Target Automatic Early Redemption] *(always insert "Target Automatic Early Redemption Event" in relation to Accumulated Coupon)*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*

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- (i) Automatic Early Redemption Event: [In respect of [any][all] Automatic Early Redemption Valuation Date[s] [from (i)=[specify] to (i)=[specify]] [for [each][the][relevant][any][all] Automatic Early Redemption Valuation Period[s] [from (i)=[specify] to (i)=[specify]] [the] AER Value is: [greater than][greater than or equal to][less than][less than or equal to] the Automatic Early Redemption [Level][Price] [within][outside] the Automatic Early Redemption Range] (*repeat as necessary*)
- (ii) AER Value: *[insert relevant value definition and where applicable relevant definitions from Payout Condition 5.1 and 5.2]*
- (iii) Automatic Early Redemption Payout: The Automatic Early Redemption Amount shall be determined in accordance with the following formula:  
*(Insert relevant formula from payout annex)*
- (iv) Automatic Early Redemption Level/Price: *[[specify] [per cent.]]*[Not applicable]
- (v) Automatic Early Redemption Range: From and [including][excluding][specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level or prices etc][Not applicable]
- (vi) AER Percentage: *[specify]%*[Not applicable]  
*(insert where ST Automatic Early Redemption applies)*
- (vii) Automatic Early Redemption Date(s): *[specify] [The date falling [specify] Business Days following [each][the] Automatic Early Redemption [Date][Period] in respect of which an Automatic Early Redemption Event has occurred] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].*
- (viii) AER Additional Rate: *[AER Rate][Insert relevant provisions from Payout Condition 5.1]*[Not applicable]  
*[AER Rate DCF][Insert relevant provisions from Conditions]*  
*[AER Rate MT][Insert relevant provisions from Conditions]*
- (ix) [(i)] Automatic Early Redemption Valuation Date(s): *[specify] [Each [specify] [Scheduled Trading Day] falling within the [relevant] Automatic Early Redemption Valuation Period]*  
*(repeat as necessary)*

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- [(ii) Automatic Early Redemption Valuation Period(s):] [[from (i)=[specify] to [specify] [Each][The] period from [and including][but excluding][specify], to [and including][but excluding][specify]]
- (repeat as necessary)
- (x) Automatic Early Redemption Valuation Time: [specify][Scheduled Closing Time][Any time [on the relevant Automatic Early Redemption Valuation Date][during the Automatic Early Redemption Valuation Period].
- (xi) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify].] [See paragraph [specify] above]
- [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]
- [Specified Maximum Days of Disruption will be equal to: [specify][five]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
32. **Issuer Call Option:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [specify] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].
- (ii) Optional Redemption Valuation Date(s): [specify][Not applicable]
- (iii) Optional Redemption Amount: [[specify] per Calculation Amount]
- (Insert relevant Optional Redemption Amount in respect of each relevant Optional Redemption Date. These may be set out in a table or annexed to the Final Terms)*
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [specify][Not applicable]
- (b) Higher Redemption Amount: [specify][Not applicable]
- (v) Notice periods: Minimum period: [specify]
- Maximum period: [specify]
- [Not applicable]

*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*

33. **Noteholder Put:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [*specify*] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].
- (ii) Optional Redemption Valuation Date(s): [*specify*][Not applicable]
- (iii) Optional Redemption Amount(s): [[*specify*] [per Calculation Amount]][The Optional Redemption Amount shall be determined in accordance with the following formula:  
  
*(Insert relevant formula from Payout Annex)*]
- (iv) Notice periods: Minimum period: [*specify*][Not applicable]  
  
Maximum period: [*specify*][Not applicable]
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
34. **Early Redemption Amount:** [[*specify*] per Calculation Amount][As set out in General Condition 5]
35. **Index Linked Redemption:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Basket of Indices: [*specify*][Reference Item[s]][(k)]  
  
[Composite][Non Composite]  
  
[Weighting: [Not applicable]][*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]

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- (ii) Index Currency: [specify]
- (iii) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is][are] [specify]; and  
 (b) the relevant Index Sponsor is [specify]
- (iv) Related Exchange: [specify][All Exchanges][Not applicable]
- (v) Screen Page: [specify][Not applicable]
- (vi) Strike Date: [specify][Not applicable]
- (vii) Strike Period [and Strike Days]: [Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]
- (viii) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify]] [See paragraph [specify] above]  
 [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]  
 [Specified Maximum Days of Disruption will be equal to: [specify][five]]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (ix) Redemption Valuation Date(s): [specify][Not applicable]
- (x) Redemption Valuation Time: [Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [[specify], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
- (xi) Observation Date(s): [specify][Not applicable]  
 [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]
- (xii) Observation Period: [specify][Not applicable]
- (xiii) Exchange Business Day: [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]  
*(standard election is All Indices Basis)*
- (xiv) Scheduled Trading Day: [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]



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*(must match election made for Exchange Business Day)*

(xv) Index Correction Period: [As set out in Index Linked Condition 7][*specify*]

(xvi) Disrupted Day: [As set out in the Index Linked Conditions][*specify*]

(xvii) Index Adjustment Event: [As set out in Index Linked Condition 2][*specify*]

Delayed Redemption on Occurrence of Index Adjustment Event: [Applicable][Not applicable]

(xviii) Additional Disruption Event: [Not applicable][The following Additional Disruption Events apply to the Notes:

*(Specify each of the following which applies)*

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[[The Trade Date is [*specify*] (*only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)]

[[The Maximum Stock Loan Rate in respect of [*specify* in relation to each relevant Share] is [*specify*] (*only applicable if Loss of Stock Borrow is applicable*)]

[[The Initial Stock Loan rate in respect of [*specify* in relation to each relevant Share] is [*specify*] (*only applicable if Increased Cost of Stock Borrow is applicable*)]

Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]

(xix) Market Disruption: Specified Maximum Days of Disruption will be equal to [*specify*][five]

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

36. **Equity Linked Redemption** [Applicable][Not applicable]

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

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- (i) Share/Basket of Shares/Basket Company: *[specify]* [Reference Item[s] [(k)]]
- [Weighting: [Not applicable] *[specify]* [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]]
- (ii) Share Currency: *[specify]*
- (iii) ISIN of Share(s): *[specify]*
- (iv) Screen Page: *[specify]*
- (v) Exchange: *[specify]*
- (vi) Related Exchange(s): *[specify]* [All Exchanges] [Not applicable]
- (vii) Depositary Receipt provisions: [Applicable] [Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Details of Depositary Receipt: *[specify name and ISIN code]*
- (b) Underlying Shares: *[specify]*
- (c) Underlying Share Issuer: *[specify]*
- (d) Share Exchange: *[specify]*
- (viii) Strike Date: *[specify]*
- (ix) Strike Period [and Strike Days]: *[specify Strike Period]* [Not applicable] *[specify the applicable Strike Days in the Strike Period]*
- (x) Averaging: Averaging [applies/does not apply] to the Notes [The Averaging Dates are *[specify]*] [See paragraph *[specify]* above]
- [In the event that an Averaging Date is a Disrupted Day Omission] [Postponement] [Modified Postponement] will apply.]
- [Specified Maximum Days of Disruption will be equal to: *[specify]* [five]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xi) Redemption Valuation Date(s): *[specify]*
- (xii) Redemption Valuation Time: [Scheduled Closing Time] [Any time [on the relevant Redemption Valuation Date] [during the Observation Period]] *[specify]*, being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the

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

*(N.B. Only applicable in the case of Physical Delivery Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)*

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[Stop-Loss Event]

[Stop-Loss Event Percentage: *[specify]*%]

[The Trade Date is *[specify]*] *(Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*

[The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share]* is *[specify]*] *(Only applicable if Loss of Stock Borrow is applicable)*

[The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share]* is *[specify]*] *(Only applicable if Increased Cost of Stock Borrow is applicable)*

Delayed Redemption on Occurrence of Additional Disruption Event:  
[Applicable][Not applicable]

37. **Inflation Linked Redemption:**

[Applicable][Not applicable]

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

- (i) Index/Indices: *[specify]* [Reference Item[s][k]]
- (ii) Screen page/Exchange/CODE: *[specify]*
- (iii) Index Sponsor: *[specify]*
- (iv) Cut-Off Date: [As per the Inflation Linked Conditions][*specify*]
- (v) Related Bond: *[specify]*[Fall Back Bond][Not applicable]
- (vi) Fall Back Bond: [Applicable][Not applicable]
- (vii) Related Bond Redemption Event: [As set out in Inflation Linked Condition 4][*specify*]
- (viii) Strike Date: *[specify]*[Not applicable]
- (ix) Strike Period [and Strike Days]: [*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]

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- (x) Determination Date(s): [specify]
- (xi) Additional Redemption Event: [Not applicable][The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[The Trade Date is [specify] *(Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*]
38. **Fund linked Redemption:** [Applicable][Not applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Fund/Fund Basket: [specify][Reference Item[s]][(k)]  
[The [specify] Fund is an Exchange Traded Fund]  
[Weighting: [specify][Not applicable] [Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]]
- (ii) Fund Shares: [specify]
- (iii) Exchange: [specify][Not applicable]  
*(only applicable to ETFs)*  
*(If "Not applicable" then for listed Notes, the Fund must be a UCITS Fund or an investment fund authorised by the Central Bank of Ireland or the Competent Authority of another EU Member State or the United Kingdom deemed equivalent by Euronext Dublin.)*
- (iv) Related Exchange: [specify][All Exchanges][Not applicable]  
*(only applicable to ETFs)*
- (v) Exchange Business Day: [Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]] [Not applicable]  
*(only applicable to ETFs)*
- (vi) Scheduled Trading Day: [Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]] [Not applicable]  
*(only applicable to ETFs)*

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- (vii) Strike Date: [specify][Not applicable]  
*(only applicable to ETFs)*
- (viii) Strike Period [and Strike Days]: [specify Strike Period][Not applicable][specify the applicable Strike Days in the Strike Period]
- (ix) Averaging: Averaging [applies][does not apply] to the Notes [The Averaging Dates are [specify]][See paragraph [specify] above]  
  
[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply  
  
[[Specified Maximum Days of Disruption will be equal to: [specify]][five]]  
  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (x) Observation Date: [specify][Not applicable]  
  
In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply
- (xi) Observation Period: [specify][Not applicable]
- (xii) Redemption Valuation Date: [specify][Not applicable]
- (xiii) Valuation Time (only applicable to ETFs): [Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [[specify], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]  
  
*(If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)*
- (xiv) Fund Service Provider: [specify][As set out in Fund Linked Condition 4]
- (xv) Fund Documents: [specify]
- (xvi) Fund Business Day: [specify][All Fund Share Basis][Per Fund Share Basis][(Single Fund Share Basis)]
- (xvii) Initial Calculation Date: [specify][As set out in Fund Linked Condition 7][Not applicable]
- (xviii) Final Calculation Date: [specify][As set out in Fund Linked Condition 7][Not applicable][Not applicable]
- (xix) Calculation Date(s): [specify][As set out in Fund Linked Condition 7][Not applicable]

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(xx)	Exchange Rate:	[specify][Not applicable]
(xxi)	NAV Barrier:	[specify][Not applicable]
(xxii)	NAV Trigger Percentage:	[specify][As per the Fund Linked Condition 7][specify][Not applicable]
(xxiii)	NAV Trigger Period:	[As per the Fund Linked Conditions][specify]
(xxiv)	Basket Trigger Level:	[specify][Not applicable] [As set out in Fund Linked Condition 7][Not applicable]
(xxv)	Number of NAV Publication Days:	[specify] [As set out in Fund Linked Condition 7][Not applicable]
(xxvi)	Termination Amounts:	[Principal Protected Termination Amount][Non Principal Protected Termination Amount][Not applicable]
(xxvii)	Protected Amount:	[specify][Not applicable]
(xxviii)	Termination Date:	[specify][Not applicable]
(xxix)	Simple Interest Spread:	[specify][Not applicable][As set out in Fund Linked Condition 7]
(xxx)	Spread:	[specify][Not applicable]
(xxxi)	Market Disruption:	Specified Maximum Days of Disruption will be equal to [specify][five]  <i>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)</i>
(xxxii)	Extraordinary Events:	As set out in the Fund Linked Conditions  Delayed Redemption on the Occurrence of an Extraordinary Fund Event: [Applicable][Not applicable]
(xxxiii)	Additional Extraordinary Fund Event:	[Not applicable][The following Additional Disruption Events apply to the Notes:  <i>(Specify each of the following which applies)</i>  [Change in Law]  [Hedging Disruption]  [Increased Cost of Hedging]  [Failure to Deliver due to Illiquidity]  [The Trade Date is [specify] (Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]  <i>(Specify whether each Additional Extraordinary Fund Event is a Substitution Event or a Termination Event)]</i>

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(xxxiv) Delayed Payment Cut-off Date: [As set out in Fund Linked Condition 6][specify][Not applicable]

39. **Credit Linked Redemption:** [Applicable][Not applicable]

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

(i) Type of Credit Linked Notes The Notes are [Single Reference Entity][First-to-Default]

[Nth to Default] Credit Linked Notes [and the Relevant Number is [specify] *(for Nth-to-Default Credit Linked Notes)*] [Non-Tranched Linear Basket Credit Linked Notes where Credit Payment [on Maturity] [As You Go] applies] [Tranched Linear Basket Credit Linked Notes]

(a) [Credit Event Amount: [specify amount] *(NB only use for zero/set recovery)*][As set out in the Credit Linked Conditions]

(b) Credit Event Payment Date: [[specify] *(if other than three)* Business Days] [As set out in the Credit Linked Conditions]] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]

*(NB: (a) and (b) are only applicable for Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, otherwise delete (a) and (b))*

(ii) Credit Event Redemption Amount: [As set out in Credit Linked Condition 13]

*[specify amount] (NB only use for zero/set recovery that are not Linear Basket Credit Linked Notes)*

(iii) Protected Amount: [Applicable][Not applicable]

*[specify amount if applicable]*

*(NB: The Protected Amount shall be applicable in case of Single Reference Entity Credit Linked Notes, First-to Default Credit Linked Notes and Nth-to Default Credit Linked Notes where only part of the Nominal Amount is exposed to the relevant Reference Entity/es)*

(iv) Unwind Costs: [Applicable: [specify]][Standard Unwind Costs][Not applicable]

(v) [(a)] Credit Event Redemption Date: [Credit Linked Condition 13 applies][*(specify if other than three)* Business Days] [or such



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later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].

- [(b)] Maturity Credit Redemption: [Applicable][Not applicable] (*NB delete this line item (b) for Linear Basket Credit Linked Notes*)
- (vi) Settlement Method: [Auction Settlement][Cash Settlement][Physical Delivery]
- (see further items (xxix) to (xix) below)
- [Not applicable:] [Zero/Set Recovery Notes][Tranched Linear Basket Credit Linked Notes]
- (vii) Trade Date: [*specify*]
- (viii) Calculation Agent City: [*specify*][as per the Physical Settlement Matrix]
- (ix) Business Day Convention: [Following][Modified Following][Preceding] Business Day Convention (*insert only where no Business Day convention has been specified already for the Notes, otherwise delete.*)
- (x) Reference Entity(ies): [*specify*] [*NB: these may be set out in the form of a table or by reference to a credit derivatives index setting out the applicable names (in which circumstances, include the following text and any details of the date/version of the referenced credit derivatives index: "Each Reference Entity comprising the [specify name of index] on the [Issue/Trade] Date. No adjustments to the terms of the Notes shall be made to reflect subsequent versions or reconstitutions of the [specify name of index]."). All relevant items below should be completed in respect of each Reference Entity (repeating items where necessary) which may also be done by including the Reference Entities and such items in a table*]
- (xi) Physical Settlement Matrix: [Applicable, [for which purpose the Date of the Physical Settlement Matrix is [*specify*]]][Not applicable] (*if applicable, specify in relation to each Reference Entity its Transaction Type*)
- (xii) Transaction Type: [Not applicable](*insert in relation to each Reference Entity if item (xiii) applies. (e.g.: 'European Corporate'.)*)
- (xiii) Reference Entity Notional Amount [*specify in respect of each Reference Entity*][Not applicable]

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- (xiv) Reference Obligation(s): *[specify] (NB: where Standard Reference Obligation is applicable and no Reference Obligation is cited on the SRO list or if Standard Reference Obligation is not applicable then insert)*
- Standard Reference Obligation: [Not applicable][Applicable]
- Seniority Level: [Senior Level][Subordinated Level][As set out in Credit Linked Condition 13]
- [Not applicable] (NB: this can only be specified for Physically Settled Credit Linked Notes - the Reference Obligation section must be inserted when Notes are Cash Settled)*
- (NB: where Standard Reference Obligation is applicable and no Reference Obligation is cited on the SRO list or if Standard Reference Obligation is not applicable then insert (a)-(e) below, otherwise, delete)*
- (a) Primary Obligor: *[specify]*
- (b) Guarantor: *[specify]*
- (c) Maturity: *[specify]*
- (d) Coupon: *[specify]*
- (e) CUSIP/ISIN: *[specify]*
- (xv) All Guarantees: [As per the Physical Settlement Matrix][Applicable][Not applicable]
- [Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition 17 [Applicable][Not applicable]](*delete if Physical Settlement Matrix applies*)
- (xvi) Credit Events: [As per the Physical Settlement Matrix]
- [Bankruptcy]
- [Failure to Pay]
- [Grace Period Extension] [Applicable][Not applicable]
- [If applicable: Grace Period: *[specify]*]
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation/Moratorium]
- [Restructuring]

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[Provisions relating to Restructuring Credit Event: Credit Linked Condition 14: [Applicable][Not applicable][Mod R/Mod Mod R] applicable]]

[Provisions relating to Multiple Holder Obligation: Credit Linked Condition 15: [Applicable][Not applicable]]

[Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable][Not applicable]]

[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable][Not applicable]]

[Governmental Intervention]

(a) Default Requirement: [specify] [As set out in Credit Linked Condition 13]

(b) Payment Requirement: [specify] [As set out in Credit Linked Condition 13]

(xvii) Credit Event Determination Date: Notice of Publicly Available Information: [Applicable][Not applicable]

[If applicable:

Public Source(s): [specify]

Specified Number: [specify]]

(xviii) Obligation(s):

(a) Obligation Category: [As per the Physical Settlement Matrix][Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan]

(select one only)

(b) Obligation Characteristics: [As per the Physical Settlement Matrix][Not Subordinated] [Specified Currency: [specify currency]/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [specify currency]] [Not Domestic Law] [Listed] [Not Domestic Issuance]

(select all of which apply)

(xix) Additional Obligation(s): [specify]

(xx) Excluded Obligation(s): [specify]

(xxi) Domestic Currency: [As set out in the Credit Linked Conditions][Not applicable][specify]

(xxii) Accrual of [Interest][Yield] upon Credit Event: [Applicable][Not applicable]

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[Continuing Accrual until scheduled maturity applicable] *(Note: this option only to be specified if Maturity Credit Redemption applies)* *(Not relevant for Zero Coupon Credit Linked Notes)*

[Credit Linked Condition 5 not applicable] *(this option only for Linear Basket Credit Linked Notes)*

(xxiii) Merger Event: Credit Linked Condition 12:  
[Applicable][Not applicable]

*[If applicable: [Merger Event Redemption Date:[specify]]]*

[Merger Event Redemption Amount:  
*[specify]*]

(xxiv) Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 16:  
[Applicable][Not applicable]

(xxv) Provisions relating to LPN Reference Entities: Credit Linked Condition 18:  
[Applicable][Not applicable]

(xxvi) Redemption on failure to identify a Substitute Reference Obligation: [Applicable][Not applicable]

***Terms relating to Cash Settlement***

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

(xxvii) Valuation Date: [Applicable][Not applicable]

[Single Valuation Date: *[specify]* Business Days]

[Multiple Valuation Dates: *[specify]* Business Days; and each *[specify]* Business Days thereafter; Number of Valuation Dates: *[specify]*]

(xxviii) Valuation Time: *[specify]*[As per Credit Linked Condition 13]

(xxix) Indicative Quotations: [Applicable][Not applicable]

(xxx) Quotation Method: [Bid][Offer][Mid-market][As per Credit Linked Condition 13]

(xxxi) Quotation Amount: *[specify]*[Representative Amount][Credit Linked Conditions apply]

(xxxii) Minimum Quotation Amount: *[specify]* [As set out in Credit Linked Condition 13]

(xxxiii) Quotation Dealers: *[specify]*

(xxxiv) Quotations: [Include Accrued Interest][Exclude Accrued Interest]

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- (xxxv) Valuation Method: [Market][Highest]  
[Average Market/Highest][Average Highest]  
[Blended Market][Blended Highest]  
[Average Blended Market][Average Blended Highest]  
[As set out in Credit Linked Condition 13]

***Additional terms relating to Auction Settlement***

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

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

***Terms relating to Physical Delivery***

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

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

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- Asset Package Delivery: [Applicable][Not applicable] [As per Physical Settlement Matrix]
- (xlili) Additional Deliverable [specify] [Not applicable]  
Obligation(s):
- (a) Excluded Deliverable [specify] [Not applicable]  
Obligation(s):
- (b) Indicative Quotations: [Applicable][Not applicable]
- (c) Delivery provisions for [specify] [Not applicable]  
Entitlement if different from  
General Conditions and  
Credit Linked Conditions:
- (xliv) Restructuring Maturity Limitation [Applicable][Not applicable]  
and Fully Transferable Obligation  
Applicable:
- (xlv) Modified Restructuring Limitation [Applicable][Not applicable]  
and Conditionality Transferrable  
Obligation Applicable:
- (xlvi) Reference Obligation Only [specify][Not applicable]  
Termination Amount:

*(NB: to be specified for the purposes of Credit Linked Condition 21 for Reference Obligation Only Notes relating to a single Reference Entity issued pursuant to Annex 7.)*

- (xlvii) Qualifying Participation Seller: [specify] [Not applicable]

**Terms relating to Zero/Set Recovery Notes**

*(delete section and renumber if not applicable)*

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

**Terms relating to Tranched Linear Basket Credit Linked Notes**

*(delete section and renumber if not applicable)*

- (xlix) H [insert number of Reference Entities that are equal to the higher tranche level]

- (l) L [insert number of Reference Entities that are equal to the lower tranche level]

40. **Foreign Exchange (FX) Rate Linked Redemption:** [Applicable][Not applicable]

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

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

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- Linked Redemption" and the Credit Linked Conditions]
- (i) Base Currency: [specify][Not applicable][For Reference Item(k): *insert*]
- (ii) Subject Currency/Currencies: [specify][Not applicable][For Reference Item(k): *insert*] [and EM Foreign Exchange Rate Provisions apply to such Subject Currency]
- (iii) Additional Disruption Event: (*Specify each of the following which applies*) [Change in Law][Hedging Disruption][Increased Cost of Hedging]
- [Trade Date means *specify*]
- (*insert where Change in Law applies*)
- (iv) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are *specify*] [See paragraph *specify* above]
- (v) Observation Date(s): [specify][Not applicable]
- (vi) Observation Period(s): [specify][Not applicable]
- (vii) Strike Date: [specify][Not applicable]
- (viii) Strike Period [and Strike Days]: [*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
- (ix) Redemption Valuation Date: [*Specify*][Not applicable]
- (x) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions do not apply to a Settlement Currency: [Applicable [in respect of *specify Subject Currencies to which these provisions apply where there is a Basket*]][Not applicable]
- (*Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency*)
- (a) Delayed Redemption on the Occurrence of a Disruption Event: [Applicable][Not applicable]
- (b) Relevant Screen Page: [specify][Not applicable]
- (c) Specified Maximum Days of Disruption: [Specified Maximum Days of Disruption will be equal to: *specify*][five]
- (*If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five*)
- (d) Price Source: [specify]
- (e) Valuation Time: [specify]

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- (xi) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions apply: [Applicable [in respect of *specify Subject Currencies to which these provisions apply where there is a Basket*]][Not applicable]

*(Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)*

- (a) Provisions applicable to determining the Settlement Price: For the purpose of the definition of Settlement Price in Foreign Exchange (FX) Rate Linked Note Condition 6 [and *specify the relevant Subject Currency where more than one Subject Currency*]:

EM FX Price Source: *specify*

EM Valuation Time: *specify*

EM Scheduled Trading Day Jurisdiction: *specify*

- (b) EM Disruption Events: [Price Source Disruption]

[Illiquidity Disruption]

[Dual Exchange Rate]

[General Inconvertibility]

[General Non-Transferability]

[Material Change in Circumstance]

[Nationalisation]

[Price Materiality, where:

EM Price Materiality Percentage: *specify*][3]%

EM Primary Rate: *specify*][The rate determined as set out in the definition of Settlement Price]

EM Secondary Rate: *specify*][EM First Fallback Reference Price [and]][EM Second Fallback Reference Price]]

*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Events (or components thereof) also apply thereto)*

- (c) EM Disruption Fallbacks: [EM Calculation Agent Determination]

[EM First Fallback Reference Price, where:

First Fallback EM FX Price Source: *specify*]



First Fallback EM Valuation Time:  
[specify]

First Fallback EM Number of  
Settlement Days: [specify]]

[EM Second Fallback Reference Price,  
where:

Second Fallback EM FX Price  
Source: [specify]

Second Fallback EM Valuation  
Time: [specify]

Second Fallback EM Number of  
Settlement Days: [specify]]

[EM Valuation Postponement]

*(Specify in respect of each Subject Currency  
where EM Foreign Exchange (FX) Rate  
Provisions apply to more than one such  
Subject Currency and different EM  
Disruption Fallbacks (or components  
thereof) also apply thereto)*

(d) EM Maximum Days of [specify]  
Postponement:

*(Specify in respect of each Subject Currency  
where EM Foreign Exchange (FX) Rate  
Provisions apply to more than one such  
Subject Currency and different EM  
Disruption Fallbacks (or components  
thereof) also apply thereto)*

(e) EM Cumulative Events: [Not applicable][Applicable and EM  
Maximum Cumulative Days of Postponement  
means [specify]]

*(Specify in respect of each Subject Currency  
where EM Foreign Exchange (FX) Rate  
Provisions apply to more than one such  
Subject Currency and different EM  
Disruption Fallbacks (or components  
thereof) also apply thereto)*

(f) EM Number of Settlement [Two][Zero][specify other number of days]  
Days: [where Settlement Day Centre(s) means  
[specify]]

(g) EM Number of [[Two][specify]] [Business Days][EM  
Postponement Settlement Settlement Days] [specify]  
Days:

41. **Combination Note Redemption:** [Applicable][Not applicable]

*(Applicable in relation to Reference Item  
Notes linked to a combination of types of  
Reference Items)*

*(If applicable, complete relevant prompts from Paragraphs [36] to [40] above)*

42. **Provisions applicable to Instalment Notes:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Instalment Amounts: [specify]
- (ii) Instalment Dates: [specify]
43. **Provisions applicable to Physical Delivery:** [Applicable][in accordance with Credit Linked Conditions and paragraph [39] above][where the Issuer has exercised its option to vary settlement pursuant to the application of Variation of Settlement per paragraph 45 below][Not applicable]
- (If not applicable or the Notes are Credit Linked Notes, delete the remaining subparagraphs of this paragraph)*
- (i) Entitlement Amount: [Insert formula, relevant value(s) and other related definitions from Payout Condition 4][A nominal amount of the Relevant Asset equal to [specify]][Bond Asset provisions apply]
- (ii) Relevant Asset(s): [specify]
- (for bonds, include the following as applicable:)*
- [ISIN: [specify]]
- [Issuer: [specify]]
- [Maturity: [specify]]
- [Coupon: [specify]]
- (iii) Unwind Costs: [Applicable:[specify]][Standard Unwind Costs][Not applicable]
- (iv) Cut-off Date: [specify][As specified in General Condition 4(b)]
- (v) Settlement Business Day(s): [specify]
- (vi) Delivery Agent: [Banco Comercial Português, S.A.][Dealer][specify] of [specify address]
- (vii) Assessed Value Payment Amount: [Applicable][Not applicable]
- (viii) Failure to Deliver due to Illiquidity: [Applicable][Not applicable]
44. **Provisions applicable to Partly Paid Notes; amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the** [Not applicable][give details]

**Issuer to forfeit the Notes and interest due on late payment:**

45. **Variation of Settlement:** The Issuer [has][does not have] the option to vary settlement in respect of the Notes as set out in General Condition 4(b)(iii) [The minimum period of notice is [specify][and][the maximum period of notice is [specify]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

46. **Form of Notes:** [Bearer Notes:  
 [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the permanent Global Note]]<sup>11</sup>  
 [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]<sup>12</sup>  
 [Permanent Bearer Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]<sup>13</sup>  
 [Book Entry Notes: *nominativas*]
47. **New Global Note:**<sup>14</sup> [Yes][No]
48. (i) Financial Centre(s): [Not applicable][give details]  
 (ii) Additional Business Centre(s): [Not applicable] [specify] (*Note that this paragraph relates to the place of payment and not interest period end dates. All relevant Financial Centre(s) (including the location of the relevant agent(s)) should be included other than Target*)
49. **Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):** [Yes as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupons are still to be made][No]

<sup>11</sup> In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

<sup>12</sup> In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

<sup>13</sup> In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

<sup>14</sup> You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the section in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

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50. **Redenomination, renominalisation and reconventioning provisions:** [Not applicable][The provisions in General Condition 7 apply]

*[N.B.: Only applicable for Notes not denominated in EUR]*

**RESPONSIBILITY**

[The Issuer accept responsibility for the information contained in these Final Terms. *[Insert relevant third party information, for example in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

**PART B - OTHER INFORMATION**

**1. Listing and Admission to trading**

[Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to the Official List and trading on the Euronext Dublin Regulated Market with effect from [ ].]  
[Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [Euronext Lisbon/Euronext Dublin] with effect from [ ].]  
[Not applicable]

[Not applicable]

*(Unless the minimum denomination of the Notes is €100,000 or more (or its equivalent in the relevant currency as at the date of issue) and the Notes are Derivative Securities, indicate in the case of a fungible issue that original Notes are already admitted to trading)*

[Estimate of total expense related to admission of trading: [specify]]

*(Delete if the minimum Denomination is less than €100,000 (or its equivalent in any other currency as at the date of issue) or if the Notes are Derivative Securities)*

**2. Ratings**

Ratings:

[The rating of the Issuer is [specify]]

[The Notes to be issued [have not been] [[have been][are expected to be]] rated:]

[S&P:\*[specify]]

[Moody's:\*[specify]]

[Other\*]: [specify]

*(Delete the rest of this paragraph 2 unless the Notes are to be listed on a regulated market)*

[[Inserting rating agency] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [[Insert rating agency] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets

Authority on its website in accordance with such Regulation].]

[[*Insert legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU-registered credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA /Canada /Hong Kong /Singapore/ Argentina /Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

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

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

Markets Authority on its website in accordance with such Regulation].]

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). However, the application for registration under the CRA Regulation of [insert the legal name of the relevant EU credit rating agency entity that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit rating agency entity][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [insert the legal name of the relevant EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (delete as appropriate)] which have been endorsed by [insert the legal name of the relevant EU credit rating agency entity that applied for registration] may be used in the EU by the relevant market participants.]]<sup>15]</sup>*

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

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

*(When completing, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation)*

4. **Reasons for the Offer, Estimated Net Proceeds and Total Expenses**

(i) Reasons for the offer: [See "Use of Proceeds" section in the Base Prospectus][insert details] *(if reasons for offer different from making profit and/or hedging certain rights will need to include those reasons here and then also complete (ii) and (iii) below.)*

(ii) Estimated net proceeds: [specify]  
*(If proceeds are intended for more than one use will need to split out and present in order of*

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<sup>15</sup> Repeat for each credit rating.

*priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: [specify]

*(Include breakdown of expenses into each principal intended "use", presented in order of priority of such "uses")*

*[(N.B.: If the Notes are derivative securities to which Annex XVII of the Prospectus Regulation applies (i) is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) are also required.)]*

**5. Yield - Fixed Rate Notes Only**

[Not applicable]<sup>16</sup>

Indication of yield: [specify]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**6. Historic Rates of Interest - Floating Rate Notes Only**

[Not applicable]<sup>17</sup>

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

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

[Not applicable]<sup>18</sup>

*(Need to include details of where past and future performance and volatility of the index/formula/commodity/rates/reference entity/fund/other variable can be obtained and a clear and comprehensive explanation.)*

*[Where the underlying is an index, include the name of the index and details of where the information about the index can be obtained.]<sup>19</sup>*

*[Where the underlying is a security, include the name of the issuer of the security and the ISIN or equivalent identification number.]*

*[Where the underlying is a basket of underlying, include the relevant weightings of each underlying in the basket.]*

<sup>16</sup> Delete this section in the case of Notes which are not Fixed Rate Notes or are derivative securities for the purposes of the Prospectus Regulation.

<sup>17</sup> Delete this section in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue).

<sup>18</sup> Delete this section in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue) or where the Notes are not derivative securities for the purposes of the Prospectus Regulation.

<sup>19</sup> Required for derivative securities.



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*(Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable).)*

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

### 8. Operational Information

- (i) ISIN Code: [specify]
- (ii) Common Code: [specify]
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg approved by the Issuer and the Principal Paying Agent and the relevant identification number(s): [Not applicable][give name(s)]
- (iv) Delivery: Delivery [against][free of] payment
- (v) Additional Paying Agent(s) (if any): [specify]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility
- [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
- [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria]
- [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such

recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

*(NB if "yes" selected the bearer Notes must be issued in NGN form)*

9. **DISTRIBUTION**

- 9.1 Method of distribution: [Syndicated][Non-syndicated]
- 9.2 (i) If syndicated, names [and addresses] of Managers [and underwriting commitments/quotas (material features): [Not applicable][give names [and addresses] of each entity acting as underwriter [and its respective underwriting commitments]]

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

- (ii) Date/Description of Subscription Agreement: [insert details][Not applicable]
- (iii) Stabilisation Manager(s) (if any): [Not applicable][give name]
- 9.3 If non-syndicated, name [and address] of relevant Dealer: [Not applicable][give name [and address]]

[The Issuer reserves the right to appoint other distributors during the Offer Period, which will be communicated to investors by means of a notice published as specified in paragraph [specify].]

[No underwriting commitment is undertaken by the Distributor.]

- 9.4 U.S. Selling Restrictions: The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged, assigned, delivered or otherwise transferred, exercised or redeemed, at any time, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. Furthermore, the Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the "CEA"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "CFTC") pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Notes. For a description of the restrictions on offers and sales of

the Notes, see "*Subscription and Sale*" in the Base Prospectus.

As used herein, "**U.S. person**" includes any "**U.S. person**" or person that is not a "**non-United States person**" as such terms are defined in Regulation S and in regulations adopted under the CEA, respectively.

Each Dealer (1) has acknowledged that the Notes have not been and will not be registered under the Securities Act, or any securities laws of any state or other jurisdiction in the United States, and the Notes are not being offered, sold or delivered and may not be offered, sold or delivered at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons; (2) has represented, as a condition to acquiring any interest in the Notes, that neither it nor any persons on whose behalf or for whose account or benefit the Notes are being acquired is a U.S. person, that it is not located in the United States, and was not solicited to purchase Notes while present in the United States; (3) has agreed not to offer, sell or deliver any of the Notes, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person; and (4) has agreed that, at or prior to confirmation of sale of any Notes (whether upon original issuance or in any secondary transaction), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it a written notice containing language substantially the same as the foregoing. As used herein, "United States" means the United States of America (including the states and the District of Columbia), its territories and possessions.

In addition, the Dealers have represented and agreed that they have not offered or sold Notes and will not offer or sell Notes at any time except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, the Dealers have represented and agreed that neither they, their affiliates (if any) nor any person acting on behalf of any of them has engaged or will engage in any directed selling efforts with respect to Notes, and they have all complied and will comply with the offering restrictions requirements of Regulation S. Terms used in this paragraph have the meanings given to them in Regulation S.

An offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

[TEFRA D][TEFRA C][TEFRA not applicable]

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- 9.5 Additional U.S. Federal Income Tax Considerations: [The Notes are [not] Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the Notes will be available from [give name(s) and address(es) of Issuer contact].] [As at the date of these Final Terms, the Issuer has not determined whether the Notes are Specified Notes 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 Notes 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. [Please contact [give name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the Notes.]]<sup>20</sup> (The Notes will not be Specified Notes if they (i) 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 ("U.S. Underlying") or (ii) are issued prior to 1 January 2023 and provide a return that differs significantly from the return on an investment in such U.S. underlying. If the Notes reference a U.S. Underlying and (i) are issued prior to 1 January 2023 and provide a return that does not differ significantly from the return on an investment in such U.S. Underlying, or (ii) are issued on or after 1 January 2023, further analysis would be required. If the Notes are Specified Notes, include the "Additional information" sentence and provide the appropriate contact information at the Issuer.)]
- 9.6 Non-exempt Offer: [Applicable] [Not applicable](if not applicable, delete the remaining placeholders of this paragraph 9.6 and also paragraph [10] below).
- 9.7 Non-exempt Offer Jurisdictions: [specify relevant State(s) where the Issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions, select from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]
- 9.8 Offer Period: [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [specify] Business Days thereafter"]
- 9.9 Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it: [Insert names, addresses and LEI number of financial intermediaries receiving consent (specific consent)]
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such

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<sup>20</sup> This formulation to be used if the Issuer has not made a determination regarding whether the Notes are Specified Notes as of the date of the Final Terms.

*offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt Offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified / passported.)*

- 9.10 Prohibition of Sales to EEA [and United Kingdom] Retail Investors: [Applicable/Not applicable/Not applicable from [specify date] until [specify date]][[the date which falls [ ] Business Days after] the Issue Date], otherwise, applicable]

*(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared, "Not applicable" should be specified. If (i) the Notes may constitute "packaged" products and (ii) the PRIIP manufacturer does not intend to prepare and publish a PRIIPs KID, "Applicable" should be specified. Use the "Not applicable from [ ] until [ ]" option where a PRIIPs KID is only to be available for a certain period (e.g. the primary Offer Period))*

**10. Terms and Conditions of the Offer**

[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* [The Notes will be offered to the public in each Non-exempt Offer Jurisdictions in accordance with the arrangements listed below.]

- 10.1 Offer Price: [Not applicable][See 10.11 below][give details]

- 10.2 [Conditions to which the offer is subject:] [Not applicable][give details]

[Offers of the Notes are conditional on their issue and are subject to such conditions as are set out in the [Distribution Agreement], As between Dealers and their customers (including Authorised Offerors) or between Authorised Offerors and their customers offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]

- 10.3 [Description of the application process]: [Not applicable][give details]

- 10.4 [Details of the minimum and/or maximum amount of application:] [Not applicable][give details]

- 10.5 [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not applicable][give details]

- 10.6 [Details of the method and time limits for paying up and delivering the Notes:] [Not applicable][give details]

*(NB: Under normal circumstances, on the Issue Date, allocated Notes will be made available to the Dealer(s)/Authorised Offerors in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg.)*

FORM OF FINAL TERMS

- 10.7 [Manner in and date on which results of the offer are to be made public:] [Not applicable][*give details*]
- (If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published).)*
- 10.8 [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercise:] [Not applicable][*give details*]
- 10.9 [Whether tranche(s) have been reserved for certain countries:] [Not applicable][*give details*]
- 10.10 Indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure: [Not applicable] [The Issuer had offered and will sell the Notes to the Dealer(s) (and no one else) at the Issue Price of [*specify*] [less a total commission of [*specify*]]. The Dealer(s) and Authorised Offerors will offer and sell the Notes to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the Authorised Offers) or each such Authorised Offeror and its customers by reference to the Issue Price and the market conditions prevailing at the time.]
- 10.11 [Process for notification to applications of the amount allotted and the indication whether dealing may begin before notification is made:] [Not applicable][*give details*]
- [Prospective Noteholders will be notified by the relevant Dealer(s) and Authorised Offeror in accordance with the arrangements in place between such Dealer(s) or Authorised Offeror and its customers. Any dealing in the Notes, which take place will be at the risk of the prospective Noteholders.]
- 10.12 [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not applicable][*give details*]
- 10.13 [Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [The Authorised Offerors are identified in 9.6 above and identifiable from the Base Prospectus]/[None]/[*give details*].

11. **[Index/Other Disclaimer**

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

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

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

*(Delete this section 11 if not required)*

12. **EU Benchmark Regulation**

EU Benchmark Regulation: Article 29(2) [Not applicable]  
statement on benchmarks:

[Applicable: Amounts payable under the Notes are calculated by reference to *[insert name[s] of benchmark(s)]*, which [is/are] provided by *[insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark]*.

[As at the date of these Final Terms, *[insert name[s] of the administrator[s]]* [is/are] [not] 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 Benchmark Regulation (Regulation (EU) 2016/1011) [(the "BMR").] *[repeat as necessary]*]

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

[[Each [of] the Dealer(s) has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer(s) to acknowledge and agree, that for the purpose of offer(s) of the Notes, the Issuer has passported the Base Prospectus in each of the Non-exempt Offer Jurisdictions and will not passport the Base Prospectus into any other Member State of the European Economic Area or the United Kingdom; accordingly, the Notes may only be publicly offered in Non-exempt Offer Jurisdictions or offered to Qualified Investors (as defined in the Prospectus Regulation) in any other Member State of the European Economic Area or the United Kingdom and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.]<sup>21</sup>].

[Financial intermediaries seeking to rely on the Base Prospectus and any Final Terms to resell or place Notes as permitted by Article 4 of the Prospectus Regulation must obtain prior written consent from the Issuer; nothing herein is to be understood as a waiver of such requirement for prior written consent.]<sup>22</sup>

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<sup>21</sup> Delete unless for a public offer.

<sup>22</sup> Delete in respect of Notes with a denomination of at least €100,000 (or equivalent in another currency)

**FORM OF FINAL TERMS**

**ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE**

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



**FORM OF PRICING SUPPLEMENT**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 FOR THE ISSUE OF NOTES DESCRIBED BELOW.**

[**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** - *[appropriate target market legend to be included]*]

[**PROHIBITION OF SALES TO EEA [AND UK] RETAIL INVESTORS** –The Notes are not intended [, from [•],] 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**") [or in the United Kingdom]. 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**") / [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. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA [or in the United Kingdom] [has been prepared/will be available following [•]] and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA [or in the United Kingdom] may be unlawful under the PRIIPs Regulation.]

Pricing Supplement dated [•]

**BANCO COMERCIAL PORTUGUÊS, S.A.**

*(a company with limited liability incorporated under Portuguese law)*  
(the "**Issuer**")

**Legal entity identifier (LEI): [•]**

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

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

These Notes are not intended for, and are not to be offered to, the public in any jurisdiction of the EEA and the United Kingdom.

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

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

**PART A - CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the base prospectus dated 5 June 2020 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus.]

## FORM OF PRICING SUPPLEMENT

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

[Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the base prospectus dated 13 February 2019 which are incorporated by reference in the base prospectus dated 5 June 2020.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on the websites of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") ([www.ise.ie](http://www.ise.ie)).

[The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any State or other jurisdiction of the United States, and the Notes may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person. Furthermore, the Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the "**CEA**"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Notes. For a description of the restrictions on offers and sales of the Notes, see "*Subscription and Sale*" in the Base Prospectus.]

As used herein, "**U.S. person**" includes any "**U.S. person**" or person that is not a "**non-United States person**" as such terms are defined in Regulation S and in regulations adopted under the CEA, respectively.

[This Pricing Supplement may be considered a structured product in Switzerland. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, they are not subject to the supervision of the Swiss Financial Market Supervisory Authority, FINMA. [The Notes are not being distributed to non-qualified investors in or from Switzerland and neither this Pricing Supplement nor any offering materials relating to the Notes may be available to non-qualified investors in or from Switzerland. Distribution of the Notes of this Pricing Supplement in or from Switzerland is only made by way of private placement to, and is directed exclusively at, qualified investors (as defined in the CISA and its implementing ordinance). Each copy of this Pricing Supplement is addressed to a specifically named recipient and shall not be passed on to a third party.]<sup>23</sup><sup>24</sup>

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

- |    |     |  |  |
|----|-----|--|--|
| 1. | (a) | Issuer:  | Banco Comercial Português, S.A.                          |
|    | (b) | [Principal Paying Agent][Portuguese Paying Agent]: | [Banco Comercial Português, S.A.][ <i>specify name</i> ] |
|    | (c) | Calculation Agent:                                 | [Banco Comercial Português, S.A.][ <i>specify name</i> ] |
| 2. | (a) | Series Number:                                     | [ <i>specify</i> ]                                       |
|    | (b) | Tranche Number:                                    | [ <i>specify</i> ]                                       |

<sup>23</sup> Delete where offer intended to non-qualified investors in or from Switzerland.

<sup>24</sup> Delete where no offer into Switzerland is intended.

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- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date][the date that is 40 days after the Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 46 below, which is expected to occur on or about [*date*]][Not applicable]
- (d) Applicable Annex(es): [Not applicable]  
[Annex 1: Additional Terms and Conditions for Payouts]  
[Annex 2: Additional Terms and Conditions for Index Linked Notes]  
[Annex 3: Additional Terms and Conditions for Equity Linked Notes]  
[Annex 4: Additional Terms and Conditions for Inflation Linked Notes]  
[Annex 5: Additional Terms and Conditions for Fund Linked Notes]  
[Annex 6: Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes]  
[Annex 7: Additional Terms and Conditions for Credit Linked Notes]  
  
(*More than one Annex may apply*)
3. Specified Notes Currency or Currencies: [*specify*] [(the "**SER Subject Currency**") for the purpose of the Specified Denomination and calculations [and payments other than those to which the Settlement Exchange Rate Provisions are specified to apply;] and (payments [to which the Settlement Exchange Rate Provisions are specified to apply] shall be made in [*specify*] (the "**Settlement Currency**")]
4. Aggregate Nominal Amount:
- (a) Series: [*specify*]  
  
[The Notes are Partly Paid Notes and [(*For Partly Paid Notes, specify the dates and amounts for the payment of aggregate nominal amount*)]]
- (b) Tranche: [*specify*]
5. Issue Price: [*specify*]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)] [converted into the Settlement Currency at the Initial SER, being [*specify amount*] in respect of the Aggregate Nominal Amount where "**Initial SER**" means [*specify*]]
6. (a) Specified Denomination(s): [*specify*]
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): [*specify*] [(*Insert the following in the case of Instalment Notes*): (the "**Original Calculation Amount**") minus, for the purposes of any calculation by reference to the Calculation Amount on any day, the sum of the Instalment Amounts paid prior to the relevant day [save for the purposes of calculation of any [Interest Amount]][Final

Redemption Amount][Early Redemption Amount][Automatic Early Redemption Amount][Optional Redemption Amount][Entitlement Amount] [[payable][deliverable] on *[specify]*] for which purposes the Original Calculation Amount will continue to apply.]

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (a) Issue Date: *[specify]*

(b) Interest Commencement Date: *[specify]*[[Issue Date][Not applicable]

*(An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: [The Interest Payment Date falling on or nearest to] *[specify]*[[or if that is not a Business Day the immediately [succeeding][preceding] Business Day [unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day] [(the "**Scheduled Maturity Date**")]] [or such [later] date for redemption determined as provided in the [[Fund Linked][Credit Linked Conditions]][or, in all circumstances if applicable, such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Payout Condition 6.]

9. Interest Basis: *[specify]* [per cent.] [per annum] Fixed Rate] [[LIBOR][EURIBOR]*[specify]* CMS Rate]*[specify]* [+/- *[specify]*%] Floating Rate] [Specified Interest Amount] [Zero Coupon]

[Reference Item Linked Interest:  
*(specify one or more of the following)*  
[Index Linked Interest]  
[Equity Linked Interest]  
[Inflation Linked Interest]  
[Reference Item Rate Linked Interest]  
[Fund Linked Interest]  
[Foreign Exchange (FX) Rate Linked Interest]  
[Combination Interest]]  
[and converted into the Settlement Currency by reference to the applicable Settlement Exchange Rate]] [only in the specific circumstance set out in the Interest Rate Payout Formula]]  
*(See paragraph 17 below)*

[Not applicable]

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10. Redemption basis: [Redemption at [par][specify][see paragraph 29 (Final Redemption Amount:) below]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
[Inflation Linked Redemption]  
[Reference Item Rate Linked Redemption]  
[Fund Linked Redemption]  
[Credit Linked Redemption]  
[Foreign Exchange (FX) Rate Linked Redemption]  
[Combination Redemption]  
[Instalment]  
[and converted into the Settlement Currency by reference to the applicable Settlement Exchange Rate] [only in the specific circumstances set out in the Final Payout Formula] (*see paragraph 13 below*) [subject to Variation of Settlement, (*see paragraph 45 below*)
11. Reference Item(s): [The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][specify])] will apply [for [Interest][and][Redemption] determination purposes:][Not applicable]  
[For [k]=1][specify][insert description][(see paragraph [specify])]  
(*Repeat if necessary*)  
[and]  
[The following Reference Item(s)[(k)] [(from [k] = [specify] to [k] = [specify])] will apply [for [Redemption] determination purposes]:  
[For [k]=[specify]][specify][insert description][(see paragraph [specify])]  
(*Repeat if necessary*)
12. Put/Call Options: [Not applicable]  
[Noteholder Put Option]  
[Issuer Call Option]  
[(see paragraph[s] [32][33] below)]
13. Date of [Board] approval: [ ] [Not Applicable]
14. Settlement Exchange Rate Provisions: [Not applicable][Applicable [in respect of][all payments] [payments of [Interest][Principal] only][only those payments to which the Settlement Exchange Rate Provisions are specified to apply.]  
[(see paragraph[s] [specify] below)]  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Settlement Exchange Rate: [*Specify rate*] [As per Payout Condition 6]

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*(if a rate is specified then delete the remaining subparagraphs of this paragraph).*

(ii) SER Valuation Date(s): *[specify] [[specify] SER Scheduled Trading Days prior to the [scheduled] [specify each payment date]]*

*(where different SER Valuation Dates apply to different payment dates, specify in respect of each applicable payment date)*

(iii) Provisions applicable to determining the Settlement Exchange Rate: For the purpose of the definition of Settlement Exchange Rate in Payout Condition 6:

SER Price Source: *[specify]*

SER Valuation Time: *[specify]*

SER Scheduled Trading Day Jurisdiction: *[specify]*

(iv) SER Disruption Events:

*[Price Source Disruption]*

*[Illiquidity Disruption]*

*[Dual Exchange Rate]*

*[General Inconvertibility]*

*[General Non-Transferability]*

*[Material Change in Circumstance]*

*[Nationalisation]*

*[Price Materiality, where:*

*SER Price Materiality Percentage: [specify][3]%*

*SER Primary Rate: [specify][The rate determined as set out in the definition of Settlement Exchange Rate]*

*SER Secondary Rate: [specify][SER First Fallback Reference Price [and]][SER Second Fallback Reference Price]*

(v) SER Disruption Fallbacks (for Price Source Disruption and Price Materiality only):

The following Disruption Fallbacks apply in the following order:

*[Valuation Postponement]*

*SER Number of Postponement Settlement Days: [[Two][specify]] [Business Days][SER Settlement Days] [specify]*

*SER Maximum Days of Postponement: [specify] [First Fallback Reference Price, where:*

SER First Fallback Price Source: *[specify]*

SER First Fallback Valuation Time:  
*[specify]*

SER First Fallback Number of Settlement  
Days: *[specify]*

[Second Fallback Reference Price, where:

SER Second Fallback Price Source:  
*[specify]*

SER Second Fallback Valuation Time:  
*[specify]*

SER Second Fallback Number of  
Settlement Days: *[specify]*

[Calculation Agent Determination] (*specify  
fallbacks required and arrange order in which to  
be applied*)

(vi) SER Cumulative Events: [Not applicable][Applicable and Maximum  
Cumulative Days of Postponement means  
*[specify]*]

(vii) SER Number of Settlement Days: [Two][Zero]*[specify other]* [where SER  
Settlement Day Centre(s) means *[specify]*]

(viii) SER Additional Disruption Event: (*Specify each of the following which applies*)  
[Change in Law] [Hedging Disruption] [Increased  
Cost of Hedging]

[Trade Date means *[specify]*]

15. Knock-in Event: [Not applicable][Applicable: Knock-in Value [in  
respect of [a/the] Knock-in Determination Day is  
[greater than][greater than or equal to][less  
than][less than or equal to] the Knock-  
in[Level][Price][[within][outside] the Knock-in  
Range] (*Only applicable if a payment to be made  
in respect of the Notes is subject to a condition  
precedent that a Knock-in Event has occurred. If  
not applicable, delete the remaining sub-  
paragraphs of this paragraph*)

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

*(Insert for Reference Item Linked Notes)*

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

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

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

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



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[Omission][Postponement][Modified Postponement] will apply.]

- (v) Knock-out Determination Period: [specify][Not applicable]
- (vi) Knock-out Period Beginning Date: [specify][Not applicable]
- (vii) Knock-out Period Ending Date: [specify][Not applicable]
- (viii) Knock-out Period Beginning Date Scheduled Trading Day Convention: [Applicable][Not applicable]
- (ix) Knock-out Period Ending Date Scheduled Trading Day Convention: [Applicable][Not applicable]
- (x) Knock-out Valuation Time: [specify][Scheduled Closing Time][Any time on a Knock out Determination Day][Not applicable]

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

17. **Interest:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period End Date(s): [specify][General Condition 3(b)(i)(ii) applies][Not applicable]
  - (ii) Business Day Convention for Interest Period End Date(s): [Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable]

*(if unadjusted specify not applicable. If adjusted specify same Business Day Convention as for Interest Payment Dates)*

  - (iii) Interest Payment Date(s): [specify] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions].
  - (iv) Business Day Convention for Interest Payment Date(s): [Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable]

*(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*

  - (v) Minimum Interest Rate: [[specify][per cent.][per annum]][Not applicable]

*(If a Minimum Interest Rate applies for each Interest Period, the Minimum Interest Rate shall be specified separately for each Interest Period)*

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- (vi) Maximum Interest Rate:  *[specify]* [per cent.] [per annum]  [Not applicable]
- (If a Maximum Interest Rate applies for each Interest Period, the Maximum Interest Rate shall be specified separately for each Interest Period.)*
- (vii) Day Count Fraction:  [30/360]  [Actual/Actual  [(ICMA)]  [(ISDA)]  [Actual/365  [(Fixed)]  [(Sterling)]]  [Actual/360]  [30/360/]  [360/360]  [Bond Basis]  [30E/360]  [(ISDA)]  [Eurobond Basis]  [1/1]  [1]  [Not applicable]
- (Where Actual/Actual ICMA is applicable, insert Determination Date(s) below)*
- (Repeat for each Interest Basis as necessary)*
- (viii) Determination Date(s):  *[specify]* [in each year]  [Not applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (ix) Rate of Interest:  [In respect of each Interest Payment Date  [(from *[specify]* to *[specify]*)]  [falling  [on]  [during the period from and including] *[specify]*  [to and including *[specify]*] only]]  [Not applicable]] the Rate of Interest shall be determined by the Calculation Agent  [as]  [in accordance with the following formula(s)]:
- (The above formulation may be repeated as necessary for each relevant interest type below)*
- [Fixed Rate]  
 [Floating Rate]
- (In respect of the following, insert formula, relevant value(s) and other related definitions from Payout Condition 2.1 and relevant definitions from Payout Condition 5)*
- [Rate of Interest (i)]  
 [Rate of Interest (ii)]  
 [Rate of Interest (iii)]  
 [Rate of Interest (iv)]  
 [Rate of Interest (v)]  
 [Rate of Interest (vi)]  
 [Rate of Interest (vii)]  
 [Rate of Interest (viii)]  
 [Rate of Interest (ix)]  
 [Rate of Interest (x) – Range Accrual]  
 [Rate of Interest (xi) – Digital One Barrier]  
 [Rate of Interest (xii) – Strike Podium n Barriers]  
 [Rate of Interest (xiii) – Ramses]  
 [Rate of Interest (xiv) – Mozart]  
 [Rate of Interest (xv) – Mozart Variable]  
 [Rate of Interest (xvi) – Call with Individual Caps]  
 [Rate of Interest (xvii) – Cappuccino]  
 [Rate of Interest (xviii) – Best Replace]

[Rate of Interest (xix) – Cliquet]  
 [Rate of Interest (xx) – Cliquet Digital]  
 [Rate of Interest (xxi) – Cliquet Digital Lock in]  
 [Rate of Interest (xxii) – Digital Coupon One Condition Condition]  
 [Rate of Interest (xxiii) – Digital Coupon Two Conditions]  
 [Rate of Interest (xxiv) – TARN]  
 [Rate of Interest (xxv) – Ratchet]  
 [Rate of Interest (xxvi) – Multiplier]  
 [Rate of Interest (xxvii) – Barrier Count Condition]  
 [Rate of Interest (xxviii) – Podium]  
 [Rate of Interest (xxix) – Compensation]  
 [Rate of Interest (xxx) – Dual Currency Digital Coupon]  
 [Rate of Interest (xxxi) – Lock-In Coupon Barrier]

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

[Not applicable] *(insert for Specified Interest Amount Notes)*

18. **Fixed Rate Note Provisions:**

[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including [specify]] only]][Not applicable]

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

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

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

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

*(Amend appropriately in the case of irregular coupons)*

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

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- (iii) Broken Amount(s): *[[specify] per Calculation Amount, payable on the Interest Payment Date[s] falling [in][on][specify]][Not applicable]*
19. **Floating Rate Note Provisions:** *[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including] [specify] only]][Not applicable] [for purposes only of determining the "Rate" element of the Rate of Interest specified in item 17(ix)] (insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix))*
- (In respect of Credit Linked Notes) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]*
- (If more than one floating rate is to be determined, repeat items [Specify] to [Specify] for each such rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s): *[specify length of period] [Not applicable]*
- (ii) Manner in which the Rate of Interest and Interest Amount is to be determined: *[Screen Rate Determination][ISDA Determination]*
- (iii) Screen Rate Determination: *[Applicable][Not applicable]*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Reference Rate: *[specify period] [month] [year] [LIBOR] [EURIBOR] [CMS Rate with a Designated Maturity of [insert years]] [specify Government Bond Yield Rate] [specify TEC Rate] [with a Designated Maturity of [insert year]*
- (b) Interest Determination Date(s): *[specify]*
- (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (c) Specified Time: *[specify]*
- (which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)*

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- (d) Relevant Screen Page: [specify] (to be determined in accordance with General Condition 4(b)(iv))
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (iv) ISDA Determination: [Applicable][Not applicable]
- (a) Floating Rate Option: [specify]
- (b) Designated Maturity: [specify]
- (c) Reset Date: [specify]
- (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)
- (v) Linear Interpolation: [Not applicable][Applicable - the Rate of Interest for the [long][short] [first][last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (vi) Margin(s): [[+/-][specify]][per cent][per annum][Not applicable]
- (If a Margin applies for each Interest Period, the Margin shall be specified separately for each Interest Period)
20. **Specified Interest Amount Note Provisions:** [Applicable][Not applicable] (If not applicable delete the remaining subparagraphs of this paragraph)
- (i) Specified Interest Amount(s): [In respect of the [following] Specified Interest Payment Dates [from and including [[specify] to and including [specify]]], [specify] per Calculation Amount
- (repeat as necessary)
- (ii) Specified Interest Payment Date(s): [specify][[Each][The] Interest Payment Date falling on or nearest to] [specify][from and including [the Interest Payment Date falling on or nearest to] [specify] to and including [the Interest Payment Date falling on or nearest to][specify]][, as adjusted in accordance with the Business Day Convention]
21. **Zero Coupon Note Provisions:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)

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

(i) Accrual Yield: *[specify]*% [per annum]

(ii) Reference Price: *[specify]*

*(If a different Reference Price and/or Accrual Yield applies to each Period, the Accrual Yield and/or Reference Price shall be specified separately for each such Period.)*

22. **Index Linked Interest Provisions:**

[Applicable] [in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] *[specify]* [to and including] *[specify]* only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix))*

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

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

(i) Index/Basket of Indices: *[specify]* [Reference Item[s]][k]

[Composite][non Composite]

[Weighting: [[Not applicable][*[specify]* Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]

(ii) Index Currency: *[specify]*

(iii) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is][are] *[specify]*; and

(b) the relevant Index Sponsor is *[specify]*.

(iv) Related Exchange: *[specify]*[All Exchanges]

(v) Screen Page: *[specify]*

(vi) Strike Date: *[specify]*[Not applicable]

(vii) Strike Period [and Strike Days]: *[specify Strike Period]*[Not applicable][*[specify applicable Strike Days in the period]*]

(viii) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are *[specify]*.] [See paragraph *[specify]* above]

[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply.]

[[Specified Maximum Days of Disruption will be equal to: *[specify]*][five]]

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

- |  |                               |           |  |
|--|-------------------------------|-----------|--|
| (ix)   | Coupon<br>Date(s)/Period(s):  | Valuation | [specify][Not applicable]  |
| (x)  | Coupon Valuation Time:        |           | [Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Observation Period]] [[specify], being the time specified on the relevant [Coupon Valuation Date] or an Averaging Date, as the case may be, for the calculation of the Interest Amount] |
| <i>(If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)</i> |                               |           |  |
| (xi)   | Observation Date(s):          |           | [specify][Not applicable]  |
|  |                               |           | [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]   |
| (xii)  | Observation Period:           |           | [specify][Not applicable]  |
| (xiii)   | Exchange Business Day:        |           | [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)] <i>(standard election is All Indices Basis)</i>   |
| (xiv)  | Scheduled Trading Day:        |           | [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]  |
|  |                               |           | <i>(must match election made for Exchange Business Day)</i>  |
| (xv)   | Index Correction Period:      |           | [As set out in Index Linked Condition 7][specify]  |
| (xvi)  | Disrupted Day:                |           | [As set out in the Index Linked Conditions][specify]   |
| (xvii)   | Index Adjustment Event:       |           | [As set out in Index Linked Condition 2][specify]  |
|  |                               |           | Delayed Redemption on Occurrence of Index Adjustment Event: [Applicable][Not applicable]   |
| (xviii)  | Additional Disruption Events: |           | [Not applicable] [The following Additional Disruption Events apply to the Notes:   |
|  |                               |           | (Specify each of the following which applies)  |
|  |                               |           | [Change in Law]  |
|  |                               |           | [Hedging Disruption]   |
|  |                               |           | [Increased Cost of Hedging]  |
|  |                               |           | [Increased Cost of Stock Borrow]   |
|  |                               |           | [Loss of Stock Borrow]   |

[The Trade Date is *[specify]*.] (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)

[The Maximum Stock Loan Rate in respect of *[specify]* is *[specify]*] (*Only applicable if Loss of Stock Borrow is applicable*)

The Initial Stock Loan rate in respect of *[specify]* is *[specify]* (*Only applicable if Increased Cost of Stock Borrow is applicable*)

Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]

(xix) Market Disruption: Specified Maximum Days of Disruption will be equal to *[specify]*[five][Not applicable]

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

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

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

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

(i) Share(s)/Share Company/Basket of Shares/Basket Company: *[specify]* [Reference Item[s]][k]

[Weighting: [Not applicable][*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]

(ii) Share Currency: *[specify]*

(iii) ISIN of Share(s): *[specify]*

(iv) Screen Page: *[specify]*

(v) Exchange(s): *[specify]*

(vi) Related Exchange(s): *[specify]*[All Exchanges]

(vii) Depositary Receipt provisions: [Applicable][Not applicable]

(a) Details of Depositary Receipt: *[specify name and ISIN code]*

(b) Underlying Shares: *[specify]*

(c) Underlying Share Issuer: *[specify]*



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- (d) Share Exchange: [specify]
- (viii) Strike Date: [specify][Not applicable]
- (ix) Strike Period [and Strike Days]: [specify Strike Period][Not applicable][specify the applicable Strike Days in the Strike Period]
- (x) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify] [See paragraph [specify] above]
- [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]
- [[Specified Maximum Days of Disruption will be equal to: [specify][five]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xi) Coupon Valuation Date(s)/Period(s): [specify][Not applicable]
- (xii) Coupon Valuation Time: [Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Observation Period]] [[specify], being the time specified on the relevant [Coupon Valuation Date] or an Averaging Date, as the case may be, for the calculation of the Interest Amount]
- (If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)*
- (xiii) Observation Date(s): [specify][Not applicable]
- [In the event that an Observation Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
- (xiv) Observation Period: [specify][Not applicable]
- (xv) Exchange Business Day: [(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
- (xvi) Scheduled Trading Day: [(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
- (Must match election for Exchange Business Day)*
- (xvii) Share Correction Period: [As set out in Equity Linked Condition 8][specify]
- (xviii) Disrupted Day: [As set out in Equity Linked Condition 8][specify]
- (xix) Market Disruption: Specified Maximum Days of Disruption will be equal to [specify][five][Not applicable]
- (If no Specified Maximum Days of Disruption is stated, Specified Maximum Days of Disruption will be equal to five)*

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(xx) Extraordinary Events: [Not applicable][In addition to De-Listing, Insolvency, Merger Event and Nationalization,] the following Extraordinary Events apply to the Notes:

*(specify each of the following which applies)*

[Tender Offer]

[Listing Change]

[Listing Suspension]

[Illiquidity]

[Delayed Redemption on Occurrence of Extraordinary Disruption Event]

(xxi) Additional Disruption Events: [Not applicable][The following Additional Disruption Events apply to the Notes:

*(Specify each of the following which applies)*

[Change in Law]

[Hedging Disruption]

[Insolvency Filing]

[Failure to Deliver due to Illiquidity]

*(Only applicable in the case of Physically Settled Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physically Settled Notes)*

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[Stop-Loss Event]

[Stop-Loss Event Percentage: *[specify]*%]

[The Trade Date is *[specify]*] *(Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*

[The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share]* is *[specify]*] *(Only applicable if Loss of Stock Borrow is applicable)*

[The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share]* is *[specify]*] *(Only applicable if Increased Cost of Stock Borrow is applicable)*

Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]

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

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

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

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

- (i) Index / Indices: *[specify]* [Reference Item[s]][(k)]  
*(Set out each Index level and insert "in respect of [specify date]" following each Index level)*
- (ii) Screen Page/Exchange/ CODE: *[specify]*
- (iii) Cut-Off Date: [As per the Inflation Linked Conditions]*[specify]*
- (iv) Related Bond: *[specify]*[Fall Back Bond][Not applicable]
- (v) Fallback Bond: [Applicable][Not applicable]
- (vi) Index Sponsor: *[specify]*
- (vii) Related Bond Redemption Event: [Applicable][Not applicable]
- (viii) Strike Date: *[specify]*[Not applicable]
- (ix) Strike Period [and Strike Days]: *[Specify Strike Period]*[Not applicable]*[Specify the applicable Strike Days in the Strike Period]*
- (x) Determination Date *[specify]*[Not applicable]
- (xi) Additional Disruption Events: [Not applicable][The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]

[The Trade Date is *specify*]. (Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]

25. **Fund Linked Interest Provisions:**

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

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

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

(i) Fund/Fund Basket(s):

*specify* [Reference Item[s]](k)]

[The *specify* Fund is an Exchange Traded Fund]

[The NAV per Fund Share will be purchased on *specify*] (*include for funds that are not ETFs*) (*where the Fund is not an ETF, for listed Notes, the Fund must be a UCITS Fund or an investment fund authorised by the Central Bank of Ireland or the Competent Authority of another Member State of the EEA or the United Kingdom deemed equivalent by the ISE*)

(ii) Fund Shares:

*specify*

[Weighting: *specify*][Not applicable] Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]

(iii) Exchange:

*specify*][Not applicable]

(*only applicable to ETFs*)

(iv) Related Exchange:

*specify*][All Exchanges][Not applicable]

(*only applicable to ETFs*)

(v) Exchange Business Day:

*specify*][Not applicable]

(*only applicable to ETFs*)

(vi) Scheduled Trading Day:

[(All Fund Share Basis)][(Per Fund Share Basis)][Single Fund Share Basis)][(Cross Asset Basis)]

(*only applicable to ETFs*)

(vii) Strike Date:

*specify*][Not applicable]

(*only applicable to ETFs*)

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

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- (xxiii) Number of NAV Publication Days: *[specify]*[As set out in Fund Linked Condition 7]  
[Not applicable]
- (xxiv) Basket Trigger Level: *[specify]*[As set out in Fund Linked Condition 7]  
[Not applicable]
- (xxv) Termination Amounts: [Delta 1 Termination Amount][Principal Protected Termination Amount][Non-Principal Protected Termination Amount][Not applicable]
- (xxvi) Termination Date: *[specify]*[Not applicable]
- (xxvii) Delta 1 Termination Date: *[specify]*[Not applicable]
- (xxviii) Protected Amount: *[specify]*[Not applicable]
- (xxix) Simple Interest Spread: *[specify]*[As set out in Fund Linked Condition 7]  
[Not applicable]
- (xxx) Spread: *[specify]*[Not applicable]
- (xxxi) Market Disruption: [Not applicable][Specified Maximum Days of Disruption will be equal to *[specify]*[five]]  
  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xxxii) Extraordinary Fund Event: As set out in Fund Linked Condition 4  
  
Delayed Redemption on the Occurrence of an Extraordinary Fund Event: [Applicable][Not applicable]
- (xxxiii) Additional Extraordinary Fund Event: [Not applicable][The following Additional Disruption Events apply to the Notes:  
  
*(Specify each of the following which applies)*  
  
[Change in Law]  
  
[Hedging Disruption]  
  
[Increased Cost of Hedging]  
  
[The Trade Date is *[specify]*] *(only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*  
  
*(Specify whether each Additional Extraordinary Fund Event is a Substitution Event or a Termination Event)*
- (xxxiv) Delayed Payment Cut-Off Date: [As set out in Fund Linked Condition 6][*specify*]
26. **Foreign Exchange (FX) Rate Linked Interest Provisions:** [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] *[specify]* [to and including] *[specify]* only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 17(ix))*

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

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

- (i) Base Currency: [specify][Not applicable][For Reference Item[(k)]: [insert]]
- (ii) Subject Currency/Currencies: [specify][Not applicable][For Reference Item[(k)]: [insert]] [and EM Foreign Exchange Rate Provisions apply to such Subject Currency]
- (iii) Additional Disruption Event: *(Specify each of the following which applies)* [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]  
[Trade Date means [specify]]
- (iv) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify]] [see paragraph [specify] above]  
  
[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply]  
  
[[Specified Maximum Days of Disruption will be equal to: [specify]][five]]  
  
*(if no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (v) Observation Date(s): [specify][Not applicable]
- (vi) Observation Period: [specify][Not applicable]
- (vii) Strike Date: [specify][Not applicable]
- (viii) Strike Period [and Strike Days]: [Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]
- (ix) Coupon Valuation Date(s)/Period(s): [specify][Not applicable]
- (x) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions do not apply to a Settlement Currency: [Applicable [in respect of [specify Subject Currencies to which these provisions apply where there is a Basket]]][Not applicable]  
  
*(Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)*
- (a) Delayed Redemption on the Occurrence of a Disruption Event: [Applicable][Not applicable]
- (b) Relevant Screen Page: [specify][Not applicable]

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- (c) Specified Maximum Days of Disruption: [Specified Maximum Days of Disruption will be equal to: *[specify]*][five]][Not applicable]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (d) Price Source: *[specify]*
- (e) Valuation Time: *[specify]*[As per Foreign Exchange (FX) Rate Linked Note Condition 6]
- (xi) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions apply: [Applicable [in respect of *[specify Subject Currencies to which these provisions apply where there is a Basket]*]][Not applicable]
- (Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)*
- (a) Provisions applicable to determining the Settlement Price: For the purpose of the definition of Settlement Price in Foreign Exchange (FX) Rate Linked Note Condition 6 [and *[specify the relevant Subject Currency where more than one Subject Currency]*]:
- EM FX Price Source: *[specify]*
- EM Valuation Time: *[specify]*
- EM Scheduled Trading Day Jurisdiction: *[specify]*
- (b) EM Disruption Events: [Price Source Disruption]
- [Illiquidity Disruption]
- [Dual Exchange Rate]
- [General Inconvertibility]
- [General Non-Transferability]
- [Material Change in Circumstance]
- [Nationalisation]
- [Price Materiality, where:
- EM Price Materiality Percentage: *[specify]*[3]%
- EM Primary Rate: *[specify]*][The rate determined as set out in the definition of Settlement Price]
- EM Secondary Rate: *[specify]*][[EM First Fallback Reference Price [and]][EM Second Fallback Reference Price]]
- (Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and*



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*different EM Disruption Events (or components thereof) also apply thereto)*

- (c) EM Disruption [EM Calculation Agent Determination]  
 Fallbacks: [EM First Fallback Reference Price, where:  
 First Fallback EM FX Price Source: [specify]  
 First Fallback EM Valuation Time: [specify]  
 First Fallback EM Number of Settlement Days: [specify]]  
 [EM Second Fallback Reference Price, where:  
 Second Fallback EM FX Price Source: [specify]  
 Second Fallback EM Valuation Time: [specify]  
 Second Fallback EM Number of Settlement Days: [specify]]  
 [EM Valuation Postponement]  
*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
- (d) EM Maximum Days of Postponement: [specify]  
*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
- (e) EM Cumulative Events: [Not applicable][Applicable and EM Maximum Cumulative Days of Postponement means [specify]]  
*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
- (f) EM Number of Settlement Days: [Two][Zero][specify other number of days] [where Settlement Day Centre(s) means [specify]]
- (g) EM Number of Postponement Settlement Days: [[Two][specify]] [Business Days][EM Settlement Days] [specify]

27. **Reference Item Rate Linked Interest/Redemption:** [Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [specify] [to and including]

[specify] only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 17(ix)] (insert where "Rate of Interest x" - Range Accrual" applies under item 17(ix))

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

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

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

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

- (i) Screen Rate Determination: [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Reference Item Rate: [specify period][month][year][LIBOR][EURIBOR][CMS Rate with a Designated Maturity of [insert year][specify Government Bond Yield Rate][specify TEC Rate] [with a Designated Maturity of [insert years]]
- (b) Interest Determination Date(s): [specify]
- (e.g: Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR. Where the Rate of Interest is being used other than for a Floating Rate Note, ensure that this is not specified in respect of an Interest Period and the relevant Range Accrual Day may be specified where relevant for Range Accrual Notes.)
- (c) Specified Time: [specify]
- (which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)
- (d) Relevant Screen Page: [specify]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a

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*composite rate or amend the fallback provisions appropriately)*

- (ii) ISDA Determination: [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Floating Rate Option: [specify]
- (b) Designated Maturity: [specify]
- (c) Reset Date: [specify]
- (iii) Reference Item Spread: [Reference Item Rate 1 minus Reference Item Rate 2][Not applicable]
- [See paragraph [ ]][above][below]
- (If a Reference Spread applies for each Interest Period, the Reference Spread shall be specified separately for each Interest Period.)*
- (iv) Coupon Date(s)/Period(s): Valuation [specify][Not applicable]
- (v) Rate Cut-Off Date: [specify] [See paragraph [specify][above][below][Not applicable]
- (vi) Business Day: As used in this item and for the purpose of determining the Reference Item Rate only, "**Business Day**" means [a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [specify] [A Target Settlement Day][ [a "U.S. Government Securities Business Day", being any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.]
- [Not applicable]

28. **Combination Note Interest:** [Applicable][Not applicable]
- (Applicable in relation to Interest linked to a combination of types of Reference Items)*
- (If applicable, complete relevant prompts from Paragraphs [17] to [27] above)*

**PROVISIONS RELATING TO REDEMPTION**

29. **Final Redemption Amount:** [Redemption at par][Calculation Amount \* [specify] %][Calculation Amount \* Final Payout] [, subject to [specify]][the application of the Settlement Exchange Rate Provisions [in the specified circumstances set out in the Final Payout Formula only]]

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

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- (v) Automatic Early Redemption Range: From and [including][excluding][specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level or prices etc][Not applicable]
- (vi) AER Percentage: [specify]% [Not applicable]  
*(insert where ST Automatic Early Redemption applies)*
- (vii) Automatic Early Redemption Date(s): [specify] [The date falling [specify] Business Days following [each][the] Automatic Early Redemption [Date][Period] in respect of which an Automatic Early Redemption Event has occurred] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].
- (viii) AER Additional Rate: [AER Rate][Insert relevant provisions from Payout Condition 5.1][Not applicable]  
[AER Rate DCF][Insert relevant provisions from Conditions]  
[AER Rate MT][Insert relevant provisions from Conditions]
- (ix) [(i) Automatic Early Redemption Valuation Date(s):. [specify] [Each [specify] [Scheduled Trading Day] falling within the [relevant] Automatic Early Redemption Valuation Period]  
[(ii) Automatic Early Redemption Valuation Period(s):] *(repeat as necessary)*. [[from (i)=[specify] to [specify] [Each][The] period from [and including][but excluding][specify], to [and including][but excluding][specify]  
*(repeat as necessary)*
- (x) Automatic Early Redemption Valuation Time: [specify][Scheduled Closing Time][Any time [on the relevant Automatic Early Redemption Valuation Date][during the Automatic Early Redemption Valuation Period].
- (xi) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify].] [See paragraph [specify] above]  
[In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]  
[Specified Maximum Days of Disruption will be equal to: [specify][five]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*

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32. **Issuer Call Option:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [specify] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].
- (ii) Optional Redemption Valuation Date(s): [specify][Not applicable]
- (iii) Optional Redemption Amount: [[specify] per Calculation Amount]
- (Insert relevant Optional Redemption Amount in respect of each relevant Optional Redemption Date. These may be set out in a table or annexed to the Final Terms)*
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [specify][Not applicable]
- (b) Higher Redemption Amount: [specify][Not applicable]
- (v) Notice periods: Minimum period: [specify]
- Maximum period: [specify]
- [Not applicable]
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
33. **Noteholder Put:** [Applicable][Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [specify] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].
- (ii) Optional Redemption Valuation Date(s): [specify][Not applicable]
- (iii) Optional Redemption Amount(s): [[specify] [per Calculation Amount][The Optional Redemption Amount shall be determined in accordance with the following formula:
- (Insert relevant formula from Payout Annex)]*

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- (iv) Notice periods: Minimum period: *[specify]*[Not applicable]  
Maximum period: *[specify]*[Not applicable]  
*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
34. **Early Redemption Amount:** [*[specify]*] per Calculation Amount][As set out in General Condition 5]
35. **Index Linked Redemption:** [Applicable][Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Basket of Indices: *[specify]*[Reference Item[s]][(k)]  
[Composite][Non Composite]  
[Weighting: [Not applicable]][*[specify]*] [Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]
- (ii) Index Currency: *[specify]*
- (iii) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is][are] *[specify]*; and  
(b) the relevant Index Sponsor is *[specify]*
- (iv) Related Exchange: *[specify]*[All Exchanges][Not applicable]
- (v) Screen Page: *[specify]*[Not applicable]
- (vi) Strike Date: *[specify]*[Not applicable]
- (vii) Strike Period [and Strike Days]: [*Specify Strike Period*][Not applicable][*Specify the applicable Strike Days in the Strike Period*]
- (viii) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are *[specify]*] [See paragraph *[specify]* above]  
[In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]  
[Specified Maximum Days of Disruption will be equal to: *[specify]*][five]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (ix) Redemption Valuation Date(s): *[specify]*[Not applicable]

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- (x) Redemption Valuation Time: [Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [[*specify*], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
- (xi) Observation Date(s): [*specify*][Not applicable]  
 [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]
- (xii) Observation Period: [*specify*][Not applicable]
- (xiii) Exchange Business Day: [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]  
*(standard election is All Indices Basis)*
- (xiv) Scheduled Trading Day: [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]  
*(must match election made for Exchange Business Day)*
- (xv) Index Correction Period: [As set out in Index Linked Condition 7][*specify*]
- (xvi) Disrupted Day: [As set out in the Index Linked Conditions][*specify*]
- (xvii) Index Adjustment Event: [As set out in Index Linked Condition 2][*specify*]  
 Delayed Redemption on Occurrence of Index Adjustment Event: [Applicable][Not applicable]
- (xviii) Additional Disruption Event: [Not applicable][The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [Loss of Stock Borrow]  
 [[The Trade Date is [*specify*] (*only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)]  
 [[The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [*specify*] (*only applicable if Loss of Stock Borrow is applicable*)]  
 [[The Initial Stock Loan rate in respect of [*specify in relation to each relevant Share*] is [*specify*]



*(only applicable if Increased Cost of Stock Borrow is applicable)*

Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]

(xix) Market Disruption: Specified Maximum Days of Disruption will be equal to [specify][five]

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

36. **Equity Linked Redemption**

[Applicable][Not applicable]

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

(i) Share/Basket of Shares/Basket Company: [specify] [Reference Item[s]][(k)]

[Weighting: [Not applicable][specify] [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]]

(ii) Share Currency: [specify]

(iii) ISIN of Share(s): [specify]

(iv) Screen Page: [specify]

(v) Exchange: [specify]

(vi) Related Exchange(s): [specify][All Exchanges][Not applicable]

(vii) Depository Receipt provisions: [Applicable][Not applicable]

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

(a) Details of Depository Receipt: [specify name and ISIN code]

(b) Underlying Shares: [specify]

(c) Underlying Share Issuer: [specify]

(d) Share Exchange: [specify]

(viii) Strike Date: [specify]

(ix) Strike Period [and Strike Days]: [specify Strike Period][Not applicable][specify the applicable Strike Days in the Strike Period]

(x) Averaging: Averaging [applies/does not apply] to the Notes [The Averaging Dates are [specify]] [See paragraph [specify] above]

[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply.]

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[Specified Maximum Days of Disruption will be equal to: *[specify]*][five]

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

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

[Change in Law]

[Hedging Disruption]

[Insolvency Filing]

[Failure to Deliver due to Illiquidity]

*(N.B. Only applicable in the case of Physically Settled Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physically Settled Notes)*

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[Stop-Loss Event]

[Stop-Loss Event Percentage: *[specify]*%]

[The Trade Date is *[specify]*] *(Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*

[The Maximum Stock Loan Rate in respect of *[specify]* in relation to each relevant Share] is *[specify]* *(Only applicable if Loss of Stock Borrow is applicable)*

[The Initial Stock Loan rate in respect of *[specify]* in relation to each relevant Share] is *[specify]* *(Only applicable if Increased Cost of Stock Borrow is applicable)*

Delayed Redemption on Occurrence of Additional Disruption Event: [Applicable][Not applicable]

37. **Inflation Linked Redemption:**

[Applicable][Not applicable]

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

(i) Index/Indices: *[specify]* [Reference Item[s]][(k)]

(ii) Screen page/Exchange/CODE: *[specify]*

(iii) Index Sponsor: *[specify]*

(iv) Cut-Off Date: [As per the Inflation Linked Conditions]*[specify]*

(v) Related Bond: *[specify]*[Fall Back Bond][Not applicable]

(vi) Fall Back Bond: [Applicable][Not applicable]

(vii) Related Bond Redemption Event: [As set out in Inflation Linked Condition 4]*[specify]*

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- (viii) Strike Date: *[specify]*[Not applicable]
- (ix) Strike Period [and Strike Days]: *[Specify Strike Period]*[Not applicable]*[Specify the applicable Strike Days in the Strike Period]*
- (x) Determination Date(s): *[specify]*
- (xi) Additional Redemption Event: [Not applicable][The following Additional Disruption Events apply to the Notes:  
*(Specify each of the following which applies)*  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [The Trade Date is *[specify]* (*Only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)]
38. **Fund linked Redemption:** [Applicable][Not applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Fund/Fund Basket: *[specify]*[Reference Item[s][*(k)*]]  
 [The *[specify]* Fund is an Exchange Traded Fund]  
 [Weighting: *[specify]*][Not applicable] [Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]]
- (ii) Fund Shares: *[specify]*
- (iii) Exchange: *[specify]*[Not applicable]  
*(only applicable to ETFs)*
- (iv) Related Exchange: *[specify]*[All Exchanges][Not applicable]  
*(only applicable to ETFs)*
- (v) Exchange Business Day: [Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]] [Not applicable]  
*(only applicable to ETFs)*
- (vi) Scheduled Trading Day: [Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]] [Not applicable]  
*(only applicable to ETFs)*
- (vii) Strike Date: *[specify]*[Not applicable]  
*(only applicable to ETFs)*
- (viii) Strike Period [and Strike Days]: *[specify Strike Period]*[Not applicable]*[specify the applicable Strike Days in the Strike Period]*

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- (ix) Averaging: Averaging [applies][does not apply] to the Notes [The Averaging Dates are *[specify]*][See paragraph *[specify]* above]
- [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply]
- [[Specified Maximum Days of Disruption will be equal to: *[specify]*][five]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (x) Observation Date: *[specify]*[Not applicable]
- In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply
- (xi) Observation Period: *[specify]*[Not applicable]
- (xii) Redemption Valuation Date: *[specify]*[Not applicable]
- (xiii) Valuation Time (only applicable to ETFs): [Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [*[specify]*], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
- (If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time)*
- (xiv) Fund Service Provider: *[specify]*[As set out in Fund Linked Condition 4]
- (xv) Fund Documents: *[specify]*
- (xvi) Fund Business Day: *[specify]*[All Fund Share Basis][Per Fund Share Basis][Single Fund Share Basis]
- (xvii) Initial Calculation Date: *[specify]*[As set out in Fund Linked Condition 7][Not applicable]
- (xviii) Final Calculation Date: *[specify]*[As set out in Fund Linked Condition 7][Not applicable][Not applicable]
- (xix) Calculation Date(s): *[specify]*[As set out in Fund Linked Condition 7][Not applicable]
- (xx) Exchange Rate: *[specify]*[Not applicable]
- (xxi) NAV Barrier: *[specify]*[Not applicable]
- (xxii) NAV Trigger Percentage: *[specify]*[As per the Fund Linked Condition 7][*[specify]*][Not applicable]
- (xxiii) NAV Trigger Period: [As per the Fund Linked Conditions][*[specify]*]

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

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- (i) Type of Credit Linked Notes      The Notes are [Single Reference Entity][First-to-Default]
- [Nth to Default] Credit Linked Notes [and the Relevant Number is [*specify*] (*for Nth-to-Default Credit Linked Notes*)] [Non-Tranched Linear Basket Credit Linked Notes where Credit Payment [on Maturity] [As You Go] applies] [Tranched Linear Basket Credit Linked Notes]
- (a) [Credit Event Amount: [*specify amount*] (*NB only use for zero/set recovery*)] [As set out in the Credit Linked Conditions]
- (b) Credit Event Payment Date: [[*specify*] (*if other than three*) Business Days] [As set out in the Credit Linked Conditions]] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
- (NB (a) and (b) are only applicable for Non-Tranched Linear Basket Credit Linked Notes to which Credit Payment As You Go applies, otherwise delete (a) and (b))*
- (ii) Credit Event Redemption Amount:      [As set out in Credit Linked Condition 13]
- [*specify amount*] (*NB only use for zero/set recovery that are not Linear Basket Credit Linked Notes*)
- (iii) Protected Amount:      [Applicable][Not applicable]
- [*specify amount if applicable*]
- (NB The Protected Amount shall be applicable in case of Single Reference Entity Credit Linked Notes, First-to Default Credit Linked Notes and Nth-to Default Credit Linked Notes where only part of the Nominal Amount is exposed to the relevant Reference Entity/es)*
- (iv) Unwind Costs:      [Applicable: [*specify*]][Standard Unwind Costs][Not applicable]
- (v) [(a) Credit Redemption Date:      Event      [Credit Linked Condition 13 applies][(*specify if other than three*) Business Days] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]].
- [(b) Maturity Redemption:      Credit      [Applicable][Not applicable]] (*NB delete this line item (b) for Linear Basket Credit Linked Notes*)
- (vi) Settlement Method:      [Auction Settlement][Cash Settlement][Physical Delivery]
- (see further items (xxix) to (xix) below)
- [Not applicable:] [Zero/Set Recovery Notes] [Tranched Linear Basket Credit Linked Notes]

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- (vii) Trade Date: [specify]
- (viii) Calculation Agent City: [specify][as per the Physical Settlement Matrix]
- (ix) Business Day Convention: [Following][Modified Following][Preceding] Business Day Convention (*insert only where no Business Day convention has been specified already for the Notes, otherwise delete.*)
- (x) Reference Entity(ies): [specify] [NB: these may be set out in the form of a table or by reference to a credit derivatives index setting out the applicable names (in which circumstances, include the following text and any details of the date/version of the referenced credit derivatives index: "Each Reference Entity comprising the [specify name of index] on the [Issue/Trade] Date. No adjustments to the terms of the Notes shall be made to reflect subsequent versions or reconstitutions of the [specify name of index]."). All relevant items below should be completed in respect of each Reference Entity (repeating items where necessary) which may also be done by including the Reference Entities and such items in a table]
- (xi) Physical Settlement Matrix: [Applicable, [for which purpose the Date of the Physical Settlement Matrix is [specify]]][Not applicable] (*if applicable, specify in relation to each Reference Entity its Transaction Type*)
- (xii) Transaction Type: [Not applicable](*insert in relation to each Reference Entity if item (xiii) applies. (e.g.: 'European Corporate'.)*)
- (xiii) Reference Entity Notional Amount: [specify in respect of each Reference Entity][Not applicable]
- (xiv) Reference Obligation(s): [specify] (NB: where Standard Reference Obligation is applicable and no Reference Obligation is cited on the SRO list or if Standard Reference Obligation is not applicable then insert)
- Standard Reference Obligation: [Not applicable][Applicable]
- Seniority Level: [Senior Level][Subordinated Level][As set out in Credit Linked Condition 13]
- [Not applicable] (NB: this can only be specified for Physically Settled Credit Linked Notes - the Reference Obligation section must be inserted when Notes are Cash Settled)
- (NB: where Standard Reference Obligation is applicable and no Reference Obligation is cited on the SRO list or if Standard Reference Obligation is not applicable then insert (a)-(e) below, otherwise, delete)
- (a) Primary Obligor: [specify]



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- (b) Guarantor: *[specify]*
- (c) Maturity: *[specify]*
- (d) Coupon: *[specify]*
- (e) CUSIP/ISIN: *[specify]*
- (xv) All Guarantees: [As per the Physical Settlement Matrix][Applicable][Not applicable]
- [Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition 17 [Applicable][Not applicable]] (*delete if Physical Settlement Matrix applies*)
- (xvi) Credit Events: [As per the Physical Settlement Matrix]
- [Bankruptcy]
- [Failure to Pay]
- [Grace Period Extension] [Applicable][Not applicable]
- [If applicable: Grace Period: *[specify]*]
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation/Moratorium]
- [Restructuring]
- [Provisions relating to Restructuring Credit Event: Credit Linked Condition 14: [Applicable][Not applicable][[Mod R/Mod R] applicable]]
- [Provisions relating to Multiple Holder Obligation: Credit Linked Condition 15: [Applicable][Not applicable]]
- [Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable][Not applicable]]
- [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable][Not applicable]]
- [Governmental Intervention]
- (a) Default Requirement: *[specify]* [As set out in Credit Linked Condition 13]
- (b) Payment Requirement: *[specify]* [As set out in Credit Linked Condition 13]
- (xvii) Credit Event Determination Date: Notice of Publicly Available Information: [Applicable][Not applicable]

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- [If applicable:  
Public Source(s): [specify]  
Specified Number: [specify]]
- (xviii) Obligation(s):
- (a) Obligation Category: [As per the Physical Settlement Matrix][Payment]  
[Borrowed Money] [Reference Obligations Only]  
[Bond] [Loan] [Bond or Loan]  
(select one only)
- (b) Obligation Characteristics: [As per the Physical Settlement Matrix][Not Subordinated] [Specified Currency: [specify currency/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [specify currency]] [Not Domestic Law] [Listed] [Not Domestic Issuance]  
(select all of which apply)
- (xix) Additional Obligation(s): [specify]
- (xx) Excluded Obligation(s): [specify]
- (xxi) Domestic Currency: [As set out in the Credit Linked Conditions][Not applicable][specify]
- (xxii) Accrual of [Interest][Yield] upon Credit Event: [Applicable][Not applicable]  
[Continuing Accrual until scheduled maturity applicable] (NB: this option only to be specified if Maturity Credit Redemption applies) (Not relevant for Zero Coupon Credit Linked Notes)  
[Credit Linked Condition 5 not applicable] (this option only for Linear Basket Credit Linked Notes)
- (xxiii) Merger Event: Credit Linked Condition 12: [Applicable][Not applicable]  
[If applicable: [Merger Event Redemption Date:[specify]]  
[Merger Event Redemption Amount: [specify]]
- (xxiv) Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 16: [Applicable][Not applicable]
- (xxv) Provisions relating to LPN Reference Entities: Credit Linked Condition 18: [Applicable][Not applicable]
- (xxvi) Redemption on failure to identify a Substitute Reference Obligation: [Applicable][Not applicable]

**Terms relating to Cash Settlement**

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

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

***Additional terms relating to Auction Settlement***

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

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

***Terms relating to Physical Delivery***

*(delete section and renumber if not applicable as Settlement Method or Fallback Settlement Method but note may*

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*be needed for Auction elections in which case do not delete)*

- (xxxix) Physical Settlement Period:           [[*specify*] Business Days][Not applicable]
- (xl) Accrued Interest on Entitlement:   [Include Accrued Interest][Exclude Accrued Interest][Not applicable]
- (xli) Settlement Currency:                   [*specify*][Not applicable]
- (xlii) Deliverable Obligations:
- (a) Deliverable Obligation Category:   [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan][As per the Physical Settlement Matrix][Not applicable]
- (select one only)*
- (b) Deliverable Obligation Characteristics:   [Not Subordinated][Specified Currency: [*specify currency*]/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [*specify currency*]] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] [*specify*] [Maximum Maturity: [ ] years] [Accelerated or Matured] [Not Bearer][As per the Physical Settlement Matrix] [Not applicable]
- Asset Package Delivery:                       [Applicable][Not applicable] [As per Physical Settlement Matrix]
- (xliii) Additional Deliverable Obligation(s):   [*specify*] [Not applicable]
- (a) Excluded Deliverable Obligation(s):   [*specify*] [Not applicable]
- (b) Indicative Quotations:                   [Applicable][Not applicable]
- (c) Delivery provisions for Entitlement if different from General Conditions and Credit Linked Conditions:   [*specify*] [Not applicable]
- (xliv) Restructuring Maturity Limitation and Fully Transferable Obligation Applicable:   [Applicable][Not applicable]
- (xlv) Modified Restructuring Limitation and Conditionality Transferrable Obligation Applicable:   [Applicable][Not applicable]
- (xlvi) Reference Obligation Only Termination Amount:   [*specify*][Not applicable]

*(NB: to be specified for the purposes of Credit Linked Condition 21 for Reference Obligation*

*Only Notes relating to a single Reference Entity issued pursuant to Annex 7.)*

(xlvii) Qualifying Participation Seller: [specify] [Not applicable]

**Terms relating to Zero/Set Recovery Notes**

*(delete section and renumber if not applicable)*

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

**Terms relating to Tranched Linear Basket Credit Linked Notes**

*(delete section and renumber if not applicable)*

(xlix) H [insert number of Reference Entities that are equal to the higher tranche level]

(l) L [insert number of Reference Entities that are equal to the lower tranche level]

40. **Foreign Exchange (FX) Rate Linked Redemption:** [Applicable][Not applicable]

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

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

(i) Base Currency: [specify][Not applicable][For Reference Item[(k)]: [insert]]

(ii) Subject Currency/Currencies: [specify][Not applicable][For Reference Item[(k)]: [insert]] [and EM Foreign Exchange Rate Provisions apply to such Subject Currency]

(iii) Additional Disruption Event: *(Specify each of the following which applies)* [Change in Law][Hedging Disruption][Increased Cost of Hedging]

[Trade Date means [specify]]

*(insert where Change in Law applies)*

(iv) Averaging: Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify]] [See paragraph [specify] above]

(v) Observation Date(s): [specify][Not applicable]

(vi) Observation Period(s): [specify][Not applicable]

(vii) Strike Date: [specify][Not applicable]

(viii) Strike Period [and Strike Days]: [Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]

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- (ix) Redemption Valuation Date: [Specify][Not applicable]
- (x) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions do not apply to a Settlement Currency: [Applicable [in respect of [specify Subject Currencies to which these provisions apply where there is a Basket]]][Not applicable]  
*(Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)*
- (a) Delayed Redemption on the Occurrence of a Disruption Event: [Applicable][Not applicable]
- (b) Relevant Screen Page: [specify][Not applicable]
- (c) Specified Maximum Days of Disruption: [Specified Maximum Days of Disruption will be equal to: [specify]][five]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (d) Price Source: [specify]
- (e) Valuation Time: [specify]
- (xi) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions apply: [Applicable [in respect of [specify Subject Currencies to which these provisions apply where there is a Basket]]][Not applicable]  
*(Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency)*
- (a) Provisions applicable to determining the Settlement Price: For the purpose of the definition of Settlement Price in Foreign Exchange (FX) Rate Linked Note Condition 6 [and [specify the relevant Subject Currency where more than one Subject Currency]:  
 EM FX Price Source: [specify]  
 EM Valuation Time: [specify]  
 EM Scheduled Trading Day Jurisdiction: [specify]
- (b) EM Disruption Events: [Price Source Disruption]  
 [Illiquidity Disruption]  
 [Dual Exchange Rate]  
 [General Inconvertibility]  
 [General Non-Transferability]  
 [Material Change in Circumstance]  
 [Nationalisation]  
 [Price Materiality, where:

EM Price Materiality Percentage: *[specify]*[3]%

EM Primary Rate: *[specify]*[The rate determined as set out in the definition of Settlement Price]

EM Secondary Rate: *[specify]*[[EM First Fallback Reference Price [and]][EM Second Fallback Reference Price]]

*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Events (or components thereof) also apply thereto)*

- (c) EM Disruption [EM Calculation Agent Determination]  
Fallbacks: [EM First Fallback Reference Price, where:  
First Fallback EM FX Price Source: *[specify]*  
First Fallback EM Valuation Time: *[specify]*  
First Fallback EM Number of Settlement Days: *[specify]*  
[EM Second Fallback Reference Price, where:  
Second Fallback EM FX Price Source: *[specify]*  
Second Fallback EM Valuation Time: *[specify]*  
Second Fallback EM Number of Settlement Days: *[specify]*  
[EM Valuation Postponement]

*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*

- (d) EM Maximum Days of Postponement: *[specify]*  
*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*

- (e) EM Cumulative Events: [Not applicable][Applicable and EM Maximum Cumulative Days of Postponement means *[specify]*  
*(Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*

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- (f) EM Number of Settlement Days: [Two][Zero][specify other number of days] [where Settlement Day Centre(s) means [specify]]
- (g) EM Number of Postponement Settlement Days: [[Two][specify]] [Business Days][EM Settlement Days] [specify]
41. **Combination Note Redemption:** [Applicable][Not applicable]
- (Applicable in relation to Reference Item Notes linked to a combination of types of Reference Items)*
- (If applicable, complete relevant prompts from Paragraphs [36] to [40] above)*
42. **Provisions applicable to Instalment Notes:** [Applicable][Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amounts: [specify]
- (ii) Instalment Dates: [specify]
43. **Provisions applicable to Physical Delivery:** [Applicable][in accordance with Credit Linked Conditions and paragraph [39] above][where the Issuer has exercised its option to vary settlement pursuant to the application of Variation of Settlement per paragraph 45 below][Not applicable]
- (If not applicable or the Notes are Credit Linked Notes, delete the remaining sub-paragraphs of this paragraph)*
- (i) Entitlement Amount: [Insert formula, relevant value(s) and other related definitions from Payout Condition 4][A nominal amount of the Relevant Asset equal to [specify]][Bond Asset provisions apply]
- (ii) Relevant Asset(s): [specify]
- (for bonds, include the following as applicable:)*
- [ISIN: [specify]]
- [Issuer: [specify]]
- [Maturity: [specify]]
- [Coupon: [specify]]
- (iii) Unwind Costs: [Applicable:[specify]][Standard Unwind Costs][Not applicable]
- (iv) Cut-off Date: [specify][As specified in General Condition 4(b)]
- (v) Settlement Business Day(s): [specify]
- (vi) Delivery Agent: [Banco Comercial Português, S.A.][Dealer][specify] of [specify address]



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- (vii) Assessed Value Payment [Applicable][Not applicable]  
Amount:
- (viii) Failure to Deliver due to [Applicable][Not applicable]  
Illiquidity:
44. **Provisions applicable to Partly Paid Notes; amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:** [Not applicable][*give details*]
45. **Variation of Settlement:** The Issuer [has][does not have] the option to vary settlement in respect of the Notes as set out in General Condition 4(b)(iii) [The minimum period of notice is [*specify*]][and][the maximum period of notice is [*specify*]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

46. **Form of Notes:** [Bearer Notes:  
  
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the permanent Global Note]]<sup>25</sup>  
  
[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]<sup>26</sup>  
  
[Permanent Bearer Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]<sup>27</sup>  
  
[Book Entry Notes: *nominativas*]
47. **New Global Note:**<sup>28</sup> [Yes][No]
48. (i) Financial Centre(s): [Not applicable][*give details*]
- (ii) Additional Business Centre(s): [Not applicable] [*specify*] (*Note that this paragraph relates to the place of payment and not interest period end dates. All relevant Financial Centre(s) (including the location of the relevant*

<sup>25</sup> In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

<sup>26</sup> In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

<sup>27</sup> In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

<sup>28</sup> You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the section in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

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*agent(s)) should be included other than TARGET 2)*

49. **Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):** [Yes as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupons are still to be made][No]
50. **Redenomination, renominalisation and reconventioning provisions:** [Not applicable][The provisions in General Condition 7 apply]
- [N.B.: Only applicable for Notes not denominated in EUR]*
51. **Other terms or special conditions:** [Not applicable/*give details*]

**RESPONSIBILITY**

[The Issuer accepts responsibility for the information contained in this Pricing Supplement. [*Insert relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

**PART B - OTHER INFORMATION**

1. **Listing and Admission to trading**

[Application [has been made/will be made] by the Issuer (or on its behalf) for the Notes to be listed on [specify market – note this must not be a regulated market] with effect from [specify].] [Not applicable]

2. **Ratings**

Ratings:

[The Notes to be issued [have not been] [[have been][are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].

*(The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus)*

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

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

4. **Operational Information**

(i) ISIN Code: [specify]

(ii) Common Code: [specify]

(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg approved by the Issuer and the Principal Paying Agent and the relevant identification number(s): [Not applicable][give name(s)]

(iv) Delivery: Delivery [against][free of] payment

(v) Additional Paying Agent(s) (if any): [specify]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being

satisfied that Eurosystem eligibility criteria have been met.]

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

*(NB if "yes" selected the Bearer Notes must be issued in NGN form)*

5. **DISTRIBUTION**

- 5.1 Method of distribution: [Syndicated][Non-syndicated]
- 5.2 (i) If syndicated, names [and addresses] of Managers [and underwriting commitments/quotas (material features):: [Not applicable][give names [and addresses] of each entity acting as underwriter [and its respective underwriting commitments]]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date/Description of Subscription Agreement: [insert details][Not applicable]
- (iii) Stabilisation Manager(s) (if any): [Not applicable][give name]
- 5.3 If non-syndicated, name [and address] of relevant Dealer: [Not applicable][give name [and address]]

[The Issuer reserves the right to appoint other distributors during the Offer Period, which will be communicated to investors by means of a notice published as specified in paragraph [*specify*].]

[No underwriting commitment is undertaken by the Distributor.]

5.4 U.S. Selling Restrictions:

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged, assigned, delivered or otherwise transferred, exercised or redeemed, at any time, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. Furthermore, the Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the "CEA"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "CFTC") pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Notes. For a description of the restrictions on offers and sales of the Notes, see "*Subscription and Sale*" in the Base Prospectus.

As used herein, "**U.S. person**" includes any "**U.S. person**" or person that is not a "**non-United States person**" as such terms are defined in Regulation S and in regulations adopted under the CEA, respectively

Each Dealer (1) has acknowledged that the Notes have not been and will not be registered under the Securities Act, or any securities laws of any state or other jurisdiction in the United States, and the Notes are not being offered, sold or delivered and may not be offered, sold or delivered at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons; (2) has represented, as a condition to acquiring any interest in the Notes, that neither it nor any persons on whose behalf or for whose account or benefit the Notes are being acquired is a U.S. person, that it is not located in the United States, and was not solicited to purchase Notes while present in the United States; (3) has agreed not to offer, sell or deliver any of the Notes, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person; and (4) has agreed that, at or prior to confirmation of sale of any Notes (whether upon original issuance or in any secondary transaction), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it a written notice containing language substantially

the same as the foregoing. As used herein, "United States" means the United States of America (including the states and the District of Columbia), its territories and possessions.

In addition, the Dealers have represented and agreed that they have not offered or sold Notes and will not offer or sell Notes at any time except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, the Dealers have represented and agreed that neither they, their affiliates (if any) nor any person acting on behalf of any of them has engaged or will engage in any directed selling efforts with respect to Notes, and they have all complied and will comply with the offering restrictions requirements of Regulation S. Terms used in this paragraph have the meanings given to them in Regulation S.

An offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

[TEFRA D][TEFRA C][TEFRA not applicable]

5.5 Additional U.S. Federal Income Tax Considerations:

[The Notes are [not] Specified Notes for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the Notes will be available from [give name(s) and address(es) of Issuer contact].] [As at the date of this Pricing Supplement, the Issuer has not determined whether the Notes are Specified Notes 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 Notes 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. [Please contact [give name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the Notes.]]<sup>29</sup> *(The Notes will not be Specified Notes if they (i) 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 ("U.S. Underlying") or (ii) are issued prior to 1 January 2021 and provide a return that differs significantly from the return on an investment in such U.S. Underlying. If the Notes reference a U.S. Underlying and (i) are issued prior to 1 January 2023 and provide a return that does not differ significantly from the return on an investment such U.S. Underlying, or (ii) are issued on or after 1 January 2023, further analysis would be required. If the Notes are Specified Notes, include the "Additional*

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<sup>29</sup> This formulation to be used if the Issuer has not made a determination regarding whether the Notes are Specified Notes as of the date of the Pricing Supplement.

*information" sentence and provide the appropriate contact information at the Issuer.)]*

- 5.6 Prohibition of Sales to EEA [and United Kingdom] Retail Investors: [Applicable/Not applicable/Not applicable from [specify date] until [specify date]][[the date which falls [ ] Business Days after] the Issue Date], otherwise, applicable]

*(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared, "Not applicable" should be specified. If (i) (ii) the Notes may constitute "packaged" products and (ii) the PRIIP manufacturer does not intend to prepare and publish a PRIIPs KID, "Applicable" should be specified. Use the "Not applicable from [ ] until [ ]" option where a PRIIPs KID is only to be available for a certain period (e.g. the primary Offer Period))*

6. **[Index/Other Disclaimer**

The issue of this series of Notes (in this paragraph, the "Transaction") is not sponsored, endorsed, sold, or promoted by [NAME OF INDEX/OTHER] (the "Index") or [NAME OF INDEX/OTHER SPONSOR] (the "Index Sponsor") and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Transaction. The Issuer shall not have any liability for any act of failure to act by the Index Sponsor in connection with the calculation adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, none of the Issuer or its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.]

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

*(Delete this section 6 if not required)*

7. **EU Benchmark Regulation**

EU Benchmark Regulation: Article 29(2) statement on benchmarks: [Not applicable]

[Applicable: Amounts payable under the Notes are calculated by reference to [insert name[s] of benchmark(s)], which [is/are] provided by [insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark].

[As at the date of this Pricing Supplement, [insert name[s] of the administrator[s]] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the

**FORM OF PRICING SUPPLEMENT**

European Securities and Markets Authority  
[("ESMA")] pursuant to article 36 of the  
Benchmark Regulation (Regulation (EU)  
2016/1011) [(the "BMR").] [*repeat as  
necessary*]



## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit or as otherwise stated in Part B of the applicable Final Terms under "Reasons for the offer".

## DESCRIPTION OF THE BUSINESS OF THE GROUP

### Group Overview

The Group is one of the largest privately owned banking groups based in Portugal, in terms of assets, credit and deposits. The Group offers a wide range of banking products and related financial services, both in Portugal and internationally, namely demand accounts, instruments of payment, savings and investment products, mortgage loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its customers are served on a segmented basis. Internationally, the Group has significant operations in Poland, Angola (in 2016, BMA merged with BPA and as a result the Angola operation is now consolidated under the equity method) and Mozambique. In addition, the Bank has a presence in Switzerland, the Cayman Islands and Macao.

In accordance with IFRS as endorsed by the European Union, the Group had, at the end of December 2019, total assets in the amount of EUR 81,643 million and total customer funds (including customer deposits, debt securities, assets under management, assets placed with customers and insurance products (savings and investments)) in the sum of EUR 81,675 million. Loans to customers (gross) amounted to EUR 54,724 million (of which EUR 52.3 billion were recorded in the caption "Financial assets at amortised cost - Loans to customers", EUR 2.1 billion were recorded in the caption "Debt securities held associated with credit operations" and EUR 0.372 billion (gross amount without considering fair value adjustments) were recorded in the caption "Financial assets not held for trading mandatorily at fair value through profit or loss - Loans and advances to customers at fair value"). According to the interpretation of the CRD IV and CRR, CET1 fully-implemented ratio pro forma reached 12.2%, as at 31 December 2019. Based on the latest available data from Banco de Portugal, the Group accounted for 17.1% of loans to customers (gross) and 17.8% of deposits in the Portuguese banking sector on 31 December 2019.

In addition, on 31 December 2019, the Bank was the fifth largest company listed on Euronext Lisbon in terms of market capitalisation (EUR 3,065 million).

The Bank is registered with the Commercial Registry Office of Oporto under the sole commercial registration and tax identification number 501 525 882 and its registered offices are located at Praça Dom João I, 28, 4000-295 Oporto, with telephone number +351 211 134 001 and website <http://www.millenniumbcp.pt>.

The Bank operates notably under the Portuguese Companies Code and the Banking Law (see "*Legislation regulating the activity of the Bank*" below).

### Bank History

BCP was incorporated on 17 June 1985 as a limited liability company ("*sociedade anónima*") organised under the laws of Portugal following the deregulation of the Portuguese banking industry. BCP was founded by a group of over 200 shareholders and a team of experienced banking professionals who sought to capitalise on the opportunity to form an independent financial institution that would serve the then underdeveloped Portuguese financial market more effectively than state-owned banks.

While the Bank's development was initially characterised by organic growth, a series of strategic acquisitions helped solidify its position in the Portuguese market and increase its offering of financial products and services. In March 1995, BCP acquired control of Banco Português do Atlântico, S.A. ("**Atlântico**"), which was then the largest private bank in Portugal. This was followed by a joint takeover bid for the whole share capital of Atlântico. In June 2000, Atlântico was merged into BCP. In 2000, BCP also acquired Império, along with Banco Mello and Banco Pinto & Sotto Mayor. In 2004, with a view to strengthening its focus on the core business of distribution of financial products and optimising capital consumption, BCP sold insurers Império Bonança, Seguro Directo, Impergesto and Servicomercial to the Caixa Geral de Depósitos group. BCP also entered into agreements with Fortis (currently Ageas) for the sale of a controlling stake and management control of insurers Ocidental - Companhia Portuguesa de Seguros, S.A., Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Médis - Companhia Portuguesa de Seguros de Saúde, S.A., as well as the pension fund manager PensõesGere - Sociedade Gestora de Fundos de Pensões, S.A.

After the consolidation of its position in the Portuguese banking market, the Bank focused on the development of its retail business in new regions, with the goal of attaining significant positions in emerging

## DESCRIPTION OF THE BUSINESS OF THE GROUP

markets in Europe and in Africa. The Bank concentrated on businesses with strong growth prospects in foreign markets with a close historical connection to Portugal or that have large communities of Portuguese origin (such as Angola, Mozambique, the United States, Canada, France, Luxembourg and Macao), as well as in markets where the Bank's successful Portuguese business model can be effectively exported and tailored to suit such local markets (such as Poland, Greece and Romania). The Bank has pursued a consistent strategy of market segmentation. Until 2003, these segments were served through autonomous distribution networks operating under a variety of brand names. In October 2003, BCP began the process of replacing these brands in Portugal with a single brand name Millennium bcp. The rebranding in other markets was completed in 2006. All operations of the Bank are now carried out under the "Millennium" brand. In Portugal, the Bank also operates under the "ActivoBank" brand.

In 2004, the Bank also sold its non-life insurance businesses and divested a portion of its life insurance business by entering into a joint venture with Ageas (formerly Fortis), named Millenniumbcp Ageas, of which 51% is held by Ageas and 49% by the Bank.

In recent years, the Bank has refocused on operations that it considers core to its business. As part of this refocus, the Bank divested several of its international operations (in France, Luxembourg, United States, Canada, Greece, Turkey and Romania), while retaining commercial protocols to facilitate remittances from Portuguese emigrants in some markets. In 2010, the Bank transformed its Macao off-shore branch into an on-shore branch.

In February 2012, the Bank adopted a management restructuring through the introduction of a one-tier management and supervisory model, composed of the Board of Directors, including an Executive Committee and Audit Committee (the latter comprising non-executive members, in accordance with the applicable law), and of the Statutory Auditor.

In December 2012, the Bank prepared and presented to the Portuguese government a restructuring plan (the "**Restructuring Plan**"), required by national law and by the applicable European rules on matters of State aid. The Restructuring Plan was formally submitted by the Portuguese government to the European Commission and, in July 2013, the Bank agreed with the European Commission a Restructuring Plan, entailing an improvement of the profitability of the Bank in Portugal through continued cost reduction. In September 2013, the Directorate-General for Competition announced its formal decision in connection with its agreement with the Portuguese authorities concerning the Bank's Restructuring Plan. Pursuant to the decision, the Bank's Restructuring Plan was found in compliance with the European Union's rules relating to State aid, demonstrating the Bank's viability without continued State support. The approved Restructuring Plan aimed at strengthening the Bank's strategy by focusing on its core activities.

In May 2014, as part of a process aiming to refocus on core activities defined as a priority in its Strategic Plan, the Bank announced that it agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental - Companhia Portuguesa de Seguros, S.A. and Médis – Companhia Portuguesa de Seguros de Saúde, S.A.

In April 2016, the Bank announced the conclusion of the merger between BMA and BPA, resulting in Angola's second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume.

BCP announced in January 2017 a EUR 1.3 billion rights issue with transferable pre-emptive subscription rights. The aim of this transaction was to bring forward the full repayment of remaining Government Subscribed Securities and the removal of key State-aid related restrictions, including dividend ban, risk of potential sale of core businesses and tail risk of conversion. This transaction was designed to strengthening the balance sheet through the improvement of CET1 FL ratio and Texas ratio, bringing them in line with new industry benchmarks and above current regulatory requirements.

In August 2019, the merger of Bank Millennium S.A. with Euro Bank S.A. ("**Eurobank**") was approved on an Extraordinary General Meeting of Bank Millennium S.A. The completion of the integration of Euro Bank into Bank Millennium took place on 27 December 2019, with Bank Millennium S.A. being the surviving entity from the merger and now operating under a single brand, a single operating system and a single legal entity.

## DESCRIPTION OF THE BUSINESS OF THE GROUP

In December 2019, the merger deed of Banco de Investimento Imobiliário, S.A., a wholly-owned subsidiary of the Bank, by incorporation into the latter, was signed, thus completing the incorporation process of Banco de Investimento Imobiliário, S.A. into the Bank.

### Business Overview

#### *Nature of Operations and Principal Activities*

The Group provides a wide variety of banking services and financial activities in Portugal and abroad, where it is present in the following markets: Poland, Switzerland, Mozambique, Angola (through its associate BMA) and China. In Portugal, the Bank's operations are primarily in retail banking, but it also offers a complete range of additional financial services (in accordance with Article 3 of the articles of association of the Bank, which provides that "the purpose of the Bank is to engage in banking activities with such latitude as may be permitted by law"). The Bank also engages in a number of international activities and partnerships.

The Bank's banking products and services include demand accounts, instruments of payment, savings and investments, mortgage loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others. The Bank's domestic retail banking activities are conducted mainly through its marketing and distribution network in Portugal, which follows a segmented approach to the Portuguese retail banking market and serves the diverse banking needs of specific groups of customers. Back office operations for the distribution network are integrated in order to explore economies of scale.

The Bank has subsidiaries that offer additional financial services, including investment banking, asset management and insurance. These subsidiaries generally distribute their products through the Bank's distribution networks. The Bank's retail banking and related financial services activities, together with its international operations and partnerships, are described in greater detail below.

#### *Strategy*

Since 2011, the Group has successfully executed an operational turnaround, reinforcing its financial and capital position despite the adverse setting of the banking sector in the core Portuguese market. This position reflects achievements, such as a cost reduction of approximately 40% in Portugal since 2011, and a reduction in Group NPEs exceeding 60% since 2013 (from EUR 13.7 billion in December 2013 to EUR 4.2 billion in December 2019). Three distinctive competences were at the core of this turnaround: a customer-oriented relationship model, market-leading efficiency, and a competitive international portfolio.

The Bank is now ready to embark on a new cycle of growth with profitability, requiring complementary capabilities to cope with the evolving context and the need to secure a fully sustainable position. These include leading digital, mobile, and analytics capabilities (preparing the organisation to be competitive in the new age) and integration in value chains and ecosystems (embedding into its customers' needs and reach), complemented by a robust balance sheet and rigorous capital allocation and shaped by strong governance (continuing its effort to de-risk the portfolio and reinforcing focus on value-added business).

Against this backdrop, the Bank has defined five overarching priorities for the future:

- **Talent mobilisation**, which will entail energising employees to drive the Bank's agenda as a team, promoting greater engagement and proactivity and empowering decision making in a collaborative model. The Bank's talent will also be reinvigorated by developing a merit-based growth model and fostering the development of new capabilities. Finally, the Bank will review its compensation processes across teams to ensure alignment with the new agenda and performance.
- **Mobile-centric digitisation**, aspiring to double down on efforts to transform customer experience and enable productivity gains across geographies, reemphasising Millennium's innovation trademark. The main priorities consist of redesigning the digital experience from a mobile-centric approach, transforming top customer journeys, setting up a convenient and productive omnichannel model, and transforming operations through the deployment of NextGen technologies (such as robotics and natural language processing). In parallel, an IT strategy focused on upgrading technology, data, security, and ways of working will enable these levers.
- **Growth and leading position in Portugal**, aiming to maximize the potential of the unique position in which the Bank emerges out of the financial crisis (the largest private Portuguese bank)

## DESCRIPTION OF THE BUSINESS OF THE GROUP

implying a renewed commitment to grow the customer base and expand relationships. This will materialize into helping Portuguese businesses thrive (e.g., building a position as the preferred partner for sound small businesses), while serving its individual customers across their full range of needs. The Group further aspires to capture the full potential of ActivoBank's simple and value-based offer and assess potential internationalisation options.

- **Growth in international footprint**, with the objective of capitalising on the opportunities offered by the high-growth intrinsic of markets where the Bank has a presence and competitive advantage. This implies growing in Poland by deepening retail relationships and enlarging the customer business base; a step change in Switzerland by growing existing business and exploring new markets and digital advice; leveraging market leading position in Mozambique to focus on profitability and capturing the tailwinds of large commodity investments planned; building on its position in Angola as a trusted and sound business partner with unique local relationships; and exploring emerging China related opportunities (trade and investment flows, payments, private banking).
- **Business model sustainability**, maintaining the improvement of its credit portfolio quality as a clear priority, by reducing the NPE stock (reduction to EUR 3 billion by 2021) and simultaneously lowering the cost of risk. Risk and compliance governance will also be strengthened to ensure a sustainable growth of credit volume with a sound risk profile.

The successful execution of these priorities should enable the Bank to accomplish a set of strategic objectives for 2021: franchise growth (over 6 million active customers), readiness for the future (from 58% to over 60% digital customers by 2021), a sustainable business model (with NPEs reaching EUR 3 billion), and attractive returns for shareholders (approximately 40% cost-to-income and approximately 10% ROE in 2021).

### ***Business Model***

The internal organisational model of the Bank covers four business areas: Retail, Companies, Asset Management & Private Banking and Business Abroad (Europe, Africa and Other), and two support units: Processes and Banking Services and Corporate Areas.

Regarding the internal organisation and decision-making structure, it is important to note the existence of a series of Commissions and Sub-Commissions directly appointed by the Executive Commission which, apart from the Directors who are specifically entrusted with the monitoring of matters, include the employees of the Bank or Group who are the heads of their respective areas.

As at 3 January 2020, there were 13 Commissions and two Sub-Commissions aimed at facilitating the coordination of current managerial decisions, involving the senior management of the units included in each business area, with a view to reconciling perspectives and supporting the managerial decision-making process of the Executive Commission, as follows:

- (a) *Costs and Investments Commission*: This Commission has the mission of regular follow-ups on the evolution and optimisation of the contracts for the purchase of goods and services which are more significant for the Bank and of the respective negotiations and costs authorisation;

One Sub-Commission operates under *the Costs and Investments Commission, the Costs and Investments Sub-Commission* whose mission is the regular follow-up of the evolution and optimisation of the contracts for the purchase of goods and services which are more significant for the Bank and of the respective negotiations; also issues of opinions or authorisation of costs for all the purchases of goods and services that are not within the competence of the coordinator managers, in accordance with the regulations in effect;

- (b) *Corporate, Investment Banking and Institutional Commission*: The primary mission of this Commission is the assessment of the business context and proposal of commercial actions that are appropriate for these corporate segments; the business main risk indicators and of the models for the articulation of the business concerning its migration in the value proposal and the interconnection of the Bank's networks;

- (c) *Human Resources Commission*: The primary mission of this Commission is the definition of the strategy and approval of the Bank's human resources policies, including the overview of the top 10

## DESCRIPTION OF THE BUSINESS OF THE GROUP

Key Performance Indicators ("**KPIs**"), contracts and internal mobility, span of control, compensation, benefits and recognition programmes. The Human Resources Commission is internally aiming to reinforce the culture, strategic alignment and mobilisation, and externally, in terms of value proposal and image, as well as the approach/relationship with relevant stakeholders, and the identification of policies, practices and systems to introduce/recommend actions in other countries where the Group operates are also functions of this Commission;

- (d) *Retail Commission*: This Commission is entrusted to follow-up on the performance of the commercial networks, segments and channels (objective fulfilment levels and evolution) and to assess the business context and definition of commercial action priorities. This Commission also analyses the main indicators for products and services and the decisions on changes to the Bank's product range, as well of the main indicators for quality and customer experience, claims and customer satisfaction (external and internal);
- (e) *Compliance and Operational Risks Commission*: The main mission of this Commission is monitoring the activity of the Bank and/or of the branches/subsidiaries of the Group in each jurisdiction, regularly coordinating and managing the policies and obligations of the Bank and/or of the branches/subsidiaries of the Group, in order to ensure compliance with the legal and compliance regulations, the alignment of the Group strategies and the setting of priorities; monitoring the risk management framework (including IT and Outsourcing risks), ensuring its application in the Group's operations; monitoring the exposure to the operational risks and the status of the implementation and efficiency of the actions identified to strengthen the internal control environments; monitoring the management and improvement of the Bank's processes, in order to monitor and reduce the levels of exposure to compliance and operational risks.
- (f) *Capital Assets and Liabilities Management Commission (CALCO)*: This Commissions is entrusted in monitoring and managing market risks associated to assets and liabilities, planning and making capital allocation proposals and proposals to define policies for liquidity and market risk management, in terms of the Group consolidated balance sheet;
- (g) *Credit Commission*: This Commission decides on credit proposals transversally related with the banking activity of the Group and issues an advisory opinion on the credit proposals made by entities operating abroad and part of the Group;
- (h) *Risk Commission*: The main duty of this Commission is the definition of the framework and of the Group's risk management instruments and policies, establishing the respective principles, rules, limits and practices for the Group's entities, taking into account the risk thresholds set forth in the Risk Appetite Statement ("**RAS**"). This commission is responsible for monitoring compliance of group risk levels with the RAS, implementation of processes and action plans to mitigate eventual deviations versus RAS metrics, including a proposal for adjustment to such metrics, in cooperation with the Committee for Risk Assessment;

One Sub-Commission operates under the Risk Commission, the *Monitoring and Validation of Models Sub-Commission*, that monitors and confirms the validity of the various models used by the Bank's risk management function, including the technical analysis of models, indicators and monitoring results, qualitative validations, backtesting, benchmarking and analysis of adequacy and adhesion to the reality meant to be modeled. It also identifies the measures necessary to improve model quality and propose to the Risk Commission the methodology to assess model risk and respective tolerance level;

- (i) *Pension Funds Risk Monitoring Commission*: This Commission is entrusted for monitoring the performance and risk of the Group's pension funds and the establishment of appropriate investment policies and hedging strategies;
- (j) *Quality Security and Data Protection Commission*: The primary mission of this Commission is to define policies for information systems, physical security, data quality and management, disaster recovery plan and business continuity at Group level, ensuring compliance with the legal and regulatory requirements and the safety requirements and articulating between areas resulting from the application of risk management criteria and international standards. This Commission decides and prioritises the implementation of initiatives/projects for the improvement of the security

## DESCRIPTION OF THE BUSINESS OF THE GROUP

systems in view of the risks and prioritises the implementation of initiatives/projects for the improvement of the security systems in view of the risks and vulnerabilities identified;

- (k) *Project Mobilizar Commission*: The main mission of this Commission is analysing and approving different initiatives to put into action in each of the five areas of the Mobilizar Plan, as well as eventual corrective measures required to meet the goals set forth. This Commission also overviews progress of initiatives approved, of compliance with the respective budgets, of the evolution of the results achieved and of the main KPI in each of the plan's areas;
- (l) *Monitoring NPA (non-performing assets) Commission*: This Commission is entrusted for following-up the credit exposure and the contracting process; the credit portfolio's quality and the main risk and performance indicators; the counterparty risk and the largest exposures concentration risk and the impairment and the main processes that are object of a separate assessment.
- (m) *Sustainability Commission*: the mission of this Commission is the definition and the monitoring of the initiatives that will allow the implementation of the Sustainability Master Plan ("SMP") in compliance with the guidelines of the Plan approved by the Executive Committee. Always abiding by the internal regulations applicable to each Commission and by the functions and competences defined in the respective regulations, the competences that the Board of Directors has not reserved for itself or for the Audit Committee, for the Committee for Risk Assessment, for the Committee for Nominations and Remunerations and for the Committee for Corporate Governance, Ethics and Professional Conduct, are delegated to the Sustainability Commission. However, the aforementioned delegation is subject to the condition that any of the executive directors attending the Sustainability Commission decide that the subject should be submitted to the Executive Committee for resolution.

### *Other Financial Services in Portugal*

#### *Mortgage Lending*

The Bank entered the mortgage lending business in 1992, when it launched, in association with Cariplo – Cassa di Risparmio delle Provincie Lombarde S.p.A. (now a part of the Italian financial group Banca Intesa), an autonomous mortgage bank, Banco de Investimento Imobiliário, S.A. ("BII"). BII was 69.9% owned by the Group, with the remaining 30.1% being owned by Banca Intesa. BII previously distributed its mortgage products through the Bank's marketing and distribution networks, as well as through its own retail outlets. On 21 September 2005, the Bank reached an agreement with Banca Intesa for the unwinding of the joint venture arrangements in relation to BII. In October 2005, the Bank acquired 30.1% of the capital of BII owned by Banca Intesa, becoming the sole shareholder of BII. BII was running a book of outstanding mortgage credit originating from mid-2007, which will progressively be reduced over time. On 27 December 2019, the merger deed of BII, a wholly-owned subsidiary of the Bank, by incorporation into the latter, was signed, thus completing the incorporation process of BII into the Bank.

#### *Online Banking*

ActivoBank is a leading internet bank in Portugal. Launched in 2010, ActivoBank offers a streamlined and convenient service with an emphasis on emerging distribution and communication channels (e.g. internet banking, mobile banking). ActivoBank targets younger, technologically savvy customers who prefer simple, modern banking products and services.

ActivoBank's main goal is to maintain a strong focus on its online presence through its website and social media. The pillar of ActivoBank's client relationship is based on online channels, despite also having 16 physical branches, as at 31 December 2019. ActivoBank was the first Portuguese bank to launch an exclusive application for smartphones. ActivoBank continues to invest heavily in developing new services and features, in alignment with new trends, with a primary emphasis on innovation.

#### *Insurance*

The Bank has an interest in insurance activities through Millenniumbcp Ageas, a joint venture with Ageas for bancassurance business in Portugal. On 26 May 2014, as part of a process aiming to refocus on core activities defined as a priority in its Strategic Plan, the Bank announced that it had agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (at that time jointly owned) insurance companies

## DESCRIPTION OF THE BUSINESS OF THE GROUP

that operate exclusively in the non-life insurance business, i.e. Ocidental - Companhia Portuguesa de Seguros, S.A. and Médis – Companhia Portuguesa de Seguros de Saúde, S.A. Currently, the Group holds 49% of Millenniumbcp Ageas' share capital in the life insurance business, while the remaining 51% is held by Ageas.

On 28 July 2014, the Bank announced about the qualifying holding of Ageas and Ocidental Vida that was a result of Ageas and Ocidental Vida having subscribed, respectively, 280,490,558 and 408,855,693 ordinary shares in the rights issue launched by the Bank on 27 June 2014, pursuant to the subscription rights attributed to them considering their participation in BCP prior to the rights issue of 156,623,179 shares in case of Ageas and of 233,631,825 shares in case of Ocidental Vida. Following the settlement of the rights issue on 23 July 2014 and allotment of the oversubscription on 24 July, the number of shares held by Ageas increased to 437,113,737 and the number of shares held by Ocidental Vida increased to 652,087,518, thus the Ageas Group increased its participation to 1,089,201,255 shares that correspond to 2.01% of the issued share capital and of voting rights of the Bank.

On 16 June 2015, the Bank announced to have received a notification from Ageas Group informing that its holding in the share capital of the Bank had fallen below the 2% threshold of qualifying holding. The dilution of the former qualifying holding was a result of the Bank's exchange offer of some of its subordinated debt and preference shares for ordinary shares, causing the issuance of 4,844,313,860 new shares, which increased the total outstanding ordinary shares in BCP to 59,039,023,275. At that date, the Ageas Group's holding was 1.84%.

### *Foreign Business*

BCP has concentrated on those businesses with strong growth prospects in foreign markets with a close historical connection to Portugal or that have large communities of residents with a Portuguese heritage (such as Angola and Mozambique), as well as in markets to which the Bank's successful business model in Portugal can be effectively exported and tailored to suit local markets, in particular in Poland.

#### *Poland*

In Poland, the Bank operates through Bank Millennium, S.A. ("**Bank Millennium**"), and focuses its offerings on individuals and small and medium-sized companies. Bank Millennium is a full service national bank which, jointly with its subsidiaries, offers a complete range of financial products and services, including deposit-taking, savings and investment products, short-, medium- and long-term lending (including mortgage lending and consumer credit), debit and credit cards, fund transfers and other payment methods, mutual funds, insurance, leasing, treasury services and money market transactions.

In 1998, the Bank entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Bank launched a retail operation with BBG in the Polish market under the "Millennium" brand.

The Bank currently owns 50.1% of Bank Millennium.

On 17 October 2018, Bank Millennium took over management of the assets of Spółdzielcza Kasa Oszczędnościowo-Kredytowa Piast ("**SKOK Piast**") (Cooperative Credit Union SKOK Piast), based on a decision of the Polish Financial Supervision Authority, and, on 1 November 2018, Bank Millennium acquired SKOK Piast. Bank Millennium joined other banks involved in the SKOK turnaround process supported by the Polish Financial Supervision Authority and the Bank Guarantee Fund. The acquisition of SKOK Piast corresponded with efforts to ensure stability of the national financial system and to ensure safety for all clients of financial institutions in Poland.

In 2019, the merger of Bank Millennium with Eurobank was approved, on an Extraordinary General Meeting of Bank Millennium. The completion of the integration of Eurobank into Bank Millennium took place on 27 December 2019, with the Bank Millennium being the surviving entity from the merger and now operating under a single brand, a single operating system and a single legal entity.

Bank Millennium acquired a 99.79% stake in Eurobank from Société Générale Financial Services Holding ("**SocGen**"), a subsidiary of Société Générale S.A. The completion of the integration of Eurobank into Bank Millennium took place on 27 December 2019.

Bank Millennium stopped granting mortgage loans in foreign currencies in 2009. Consequently the Polish foreign exchange ("**FX**") mortgage loans are a mature portfolio, constantly decreasing according to the



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repayment rate and with a low impairment ratio and high coverage by provisions. As at 31 December 2019, Bank Millennium's foreign exchange mortgages amounted to approximately 20% of the Polish bank's loan book (EUR 3.2 billion), which represents 6% of the Group's total loans. On top of these, there are also PLN 1.1 billion (approximately EUR 230 million) CHF indexed mortgages from Eurobank but the litigation/political risk on this portfolio is covered by a 20-year indemnity provided by SocGen, which also provided a 10-year guarantee on 80% of the credit risk on that portfolio. FX mortgages represent 7% of its Polish subsidiary total gross loans (approximately 8% market share).

On 3 October 2019, the Court of Justice of the European Union ("CJEU") issued a judgment on Case C-260/18, in connection with the preliminary questions formulated by the District Court of Warsaw in the lawsuit against Raiffeisen Bank International AG. The judgment of the CJEU, as well as its interpretation of European Union Law, is binding on domestic courts.

The CJEU's judgment concerns only the situations where the national court has previously found the contract terms to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be identified as abusive in the circumstances of the lawsuit. It can be reasonably assumed that the legal issues relating to FX-indexed mortgage loans will be further examined by the national courts within the framework of the disputes considered, which could possibly result in the emergence of further interpretations relevant for the assessment of the risks associated with subject matter proceedings. This circumstance indicates the need for constant analysis of these matters. Further requests for clarification and ruling addressed to the CJEU and the Supreme Court of Poland with potential impact on the outcome of the court cases may also be filed.

As at 31 December 2019, Bank Millennium had 2,010 FX-indexed mortgage loans subject to individual litigations, submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 203 million (EUR 47.74 million). Until 31 December 2019, only 19 of these cases had obtained a final verdict, the vast majority being in accordance with Bank Millennium's interest.

According to the Polish Bank Association (ZBP), during 2019, over 70% of the lawsuits regarding FX-indexed mortgage loans obtained a final verdict favourable to the banks involved. However, after the CJEU judgment regarding Case C-260/18 issued on 3 October 2019, there is a risk that this scenario for the banks may change.

Considering the increased legal risk related to FX-indexed mortgages, Bank Millennium created a provision in the amount of PLN 223 million (EUR 52.45 million) for legal risk. The methodology developed by Bank Millennium is based on the following main parameters: (i) the number of current (including class actions) and potential future court cases that will appear within a specified (three-year) time horizon; (ii) the amount of Bank Millennium's potential loss in the event of a specific court judgment (three negative judgment scenarios were taken into account); and, (iii) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases.

Bank Millennium undertakes a number of actions at different levels towards different stakeholders in order to mitigate legal and litigation risk regarding the FX-indexed mortgage loans portfolio. Bank Millennium is open to negotiate case-by-case favourable conditions for early repayment (partial or total) or the conversion of loans to PLN. On the other hand, Bank Millennium will continue to take all possible actions to protect its interests in courts while, at the same time, being open to finding settlement with customers in the court under reasonable conditions.

In December 2019, Bank Millennium recorded net income totalling EUR 130.5 million (EUR 65.4 million of which attributable to the Bank), a decrease of 26.3% (+16.9% excluding one-offs, in particular, related to the integration costs and initial provisions for Eurobank, release of tax asset provisions, positive revaluation of shares in PSP and provisions for FX related risks) when compared to EUR 178.4 million (EUR 89.4 million of which attributable to the Bank) in the same period of the previous year.

Banking income was up 27.3% to EUR 808.2 million in December 2019, excluding foreign exchange effect, positively influenced by the performance of the net interest income, which increased 33.1% versus December 2018. Operating costs recorded an increase of 36.1% to EUR 401.8 million (+27.2% excluding Eurobank integration costs), due to the rise in staff costs (+31.1%) and in other costs (+46.1%). The cost-

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to-income ratio<sup>30</sup> stood at 47.9% and ROE was 6.4%, translating an improvement in profitability and in operational efficiency. The cost of risk stood at 70 basis points accrued since the beginning of the year and the loans to deposits ratio at around 86%. Bank Millennium keeps comfortable levels in terms of capital, liquidity and quality of assets. The Total Consolidated Capital Ratio of Bank Millennium stood at 20.1% and CET1 at 16.9%, comfortably above of the minimum capital regulatory thresholds.

As at 31 December 2019, customer funds stood at to EUR 21,237 million, which represents an increase of 20.8%, compared to EUR 17,574 million on 31 December 2018, excluding foreign exchange effect, and loans to customers increased 31.6% from EUR 12,828 million, excluding foreign exchange effect, to EUR 16,914 million (EUR 16,542 million recorded in "Financial assets at amortised cost - Loans and advances to customers"; EUR 372 million (gross amount without considering fair value adjustments) recorded in "Financial assets at fair value through profit or loss - Financial assets not held for trading mandatorily at fair value through profit or loss"), excluding foreign exchange effect. The number of employees totalled 8,464 at the end of December 2019. On that date, the Issuer had 830 branches, 469 more than in December 2018, impacted by Eurobank's integration.

### *Mozambique*

The Bank has had banking operations in Mozambique since 1995. BIM - Banco Internacional de Moçambique, S.A. ("**Millennium bim**") is the second Mozambique's largest bank in terms of assets, loans and deposits market shares. The 3 pillars of the strategic plan of Millennium bim for 2018 are: Human resources; Management of risk, ensuring i) prudence in liquidity management, ii) reduction of the exposure to high risk clients, replacing it with new credit with a better risk and iii) providing support to clients in a proactive manner to avoid default situations and, consequently, recording impairments; and Earnings, maintaining i) focus on increasing the number of clients as a way to ensure a sustained net income, ii) reduction of operating costs in spite of the inflationary context and currency depreciation, and iii) good solvency and efficiency ratios, ensuring the achievement of a solid and distinctive position in the market.

During 2019, Millennium bim recorded a net income of EUR 99.5 million, an increase of 5.8% compared to EUR 94.1 million in December 2018, when compared to the same period of the previous year. In this period, banking income<sup>31</sup> decreased by -0.1% amounting to EUR 247.4 million, excluding foreign exchange effect, driven by the increase of commissions and other income (+9.2%), despite the reduction of the net interest income (-3.0%). Operating costs increased 4.5% to EUR 97.8 million, excluding foreign exchange effect, and cost-to-income stood at 47.2%. ROE stood at 20.3%. Loan impairment amounted to EUR 19.9 million (EUR 34.8 million recorded in December 2018, excluding foreign exchange effect) and the cost of risk decreased from 431 basis points to 277 basis points. As at 31 December 2019, Millennium bim had a capital ratio of 45.8%.

Total customer funds in December 2019 stood at EUR 1,685 million, up from the EUR 1,580 million, excluding foreign exchange effect, recorded in December 2018, showing an increase of 6.6%. Loans to customers (gross) amounted to EUR 717 million in December 2019, compared to EUR 802.1 million in December 2018, a decrease of 11.2%.

As at 31 December 2019, Millennium bim had 200 branches, seven more than in the same period of 2018. At that date, the bank had 2,680 employees (excluding employees from SIM, the insurance company) and had 2,610 employees as at 31 December 2018.

### *Angola*

BMA was incorporated on 3 April 2006, as a result of the transformation of the BCP branch in Angola into a bank incorporated under the laws of the Republic of Angola.

In February 2009, the Bank carried out financial transactions relating to the strategic partnership agreements established with Sonangol (a company that held, as at 30 June 2017, 15.24% of the Bank's share capital and voting rights) and Banco Privado Atlântico, S.A. ("**BPA**") (in which BMA held a shareholding of 6.66%), as a result of which the Bank reduced its stake in BMA to 52.7% through BMA's share capital increase of USD 105,752,496.80.

<sup>30</sup> As used in this Base Prospectus, "cost to income ratio" means operating costs divided by net operating revenues.

<sup>31</sup> Banking income or net operating revenues is the sum of net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

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In April 2012, the Bank reduced its stake in BMA to 50.1%, following BMA's share capital increase, which was fully subscribed to by Global Pactum—Gestão de Activos (main shareholder of BPA), in line with the partnership agreement entered into with Sonangol and BPA. Within the scope of this partnership, the Bank, Sonangol and BPA entered in May 2008 into a shareholders' agreement regarding BMA, which included, among others, clauses on corporate bodies and preferential rights in case of transfer of BMA's shares.

On 8 October 2015, the Bank announced it had signed a memorandum of understanding with the main shareholder of BPA for the merger of BMA with BPA. The public deed for the merger was executed on 22 April 2016. Following the merger, BCP owns 22.5% of the share capital of Banco Millennium Atlântico.

In the context of the BMA merger with BPA, BMA was considered a discontinued operation in March 2016. As of the completion of the merger in May 2016, the new merged entity in which the Bank maintains a 22.5% shareholding, Banco Millennium Atlântico, is consolidated using the equity method.

Banco Millennium Atlântico contribution to BCP Group earnings in December 2019 was EUR 2.5 million which compares to EUR 15.5 million in December 2018.

### *Macao*

The Group's presence in Macao goes back to 1993, initially through an off shore license. In 2010, the Group began operating its first fully licensed (on shore) branch in Macao. This branch is directed at providing services to the Bank's network through support to individual and company customers, broadening the base of local customers and expanding the activity around the China-Macao-Portuguese speaking countries platform, focusing on the offer of investment banking services.

As at 31 December 2019, customer funds stood at EUR 538 million and gross loans reached EUR 289 million. In December 2019, net income amounted to EUR 10.7 million.

### *Switzerland*

Millennium Banque Privée, incorporated in Switzerland in 2003, is a private banking platform that provides discretionary management services to individual customers of the Group with large assets, as well as financial advisory and orders execution services.

As at 31 December 2019, total customer funds amounted to EUR 3,393 million and loans to customers (gross) amounted to EUR 372 million. In September 2019, net income stood at EUR 6.9 million.

### *Cayman Islands*

Millennium bcp Bank & Trust, with head office in the Cayman Islands, holds a category "B" banking license, and provides international banking services to customers that are not resident in Portugal. The Cayman Islands are considered a cooperating jurisdiction by Banco de Portugal.

As at 31 December 2019, Bank & Trust's customer funds stood at EUR 2 million and Bank & Trust's gross loans reached EUR 6 million. In September 2019, Bank & Trust's net income amounted to EUR 2.7 million.

### *Other*

The Bank also has nine representative offices (one in the United Kingdom, three in Switzerland, two in Brazil, one in Venezuela, one in China in Canton and one in South Africa), and five commercial protocols (Canada, United States, Spain, France and Luxembourg).

## ***International Partnerships***

### *Ageas*

In 2005, the Group and Fortis (currently, Ageas) established a joint venture for bancassurance business, through the insurance company Millennium bcp Fortis (currently, Millenniumbcp Ageas). The Group holds 49% of Millenniumbcp Ageas' share capital, while the remaining 51% is held by Ageas. In September 2005, Ageas increased its shareholding in the Bank to 4.99%. As a consequence of the two Bank share capital increases that took place in 2006, Ageas' shareholding in the Bank decreased to 4.94%. In September 2007, Ageas disposed of its qualifying holding in the share capital of the Bank.

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On 26 May 2014, the Bank announced that, as part of a process aiming to refocus on core activities defined as a priority in its Strategic Plan, it had agreed with the international insurance group Ageas to partially recast the strategic partnership agreements entered into in 2004. These include the sale of its 49% interest in the (at that time jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental-Companhia Portuguesa de Seguros, S.A. and Médis - Companhia Portuguesa de Seguros de Saúde, S.A., for a base price of EUR 122.5 million, subject to a medium term performance adjustment. In 2013, the non-life activity posted gross inflows of EUR 251 million and a net profit of EUR 12 million.

On 28 July 2014, the Bank announced that Ageas, on behalf of itself and its subsidiary Ocidental-Companhia Portuguesa de Seguros de Vida, S.A. ("**Ocidental Vida**"), had acquired a qualifying holding in the share capital of the Bank. The qualifying holding was a result of Ageas and Ocidental Vida having subscribed, respectively, 280,490,558 and 408,855,693 ordinary shares in the rights issue launched by the Bank on 27 June 2014, pursuant to the subscription rights attributed to them considering their participation in the Bank prior to the rights issue (156,623,179 shares in case of Ageas and of 233,631,825 shares in case of Ocidental Vida).

Following the settlement of the rights issue, on 23 July 2014, and allotment of the oversubscription, on 24 July, the number of shares held by Ageas increased to 437,113,737 and the number of shares held by Ocidental Vida increased to 652,087,518, thus Ageas Insurance International Group (i.e. Ageas and Ocidental Vida) increased its participation to 1,089,201,255 shares that correspond to 2.01% of the issued share capital and of voting rights of BCP.

On 16 June 2015, the Bank announced that it had received an announcement from Ageas, issued on behalf of itself and Ocidental Vida, informing that Ageas Insurance International Group (i.e. Ageas and Ocidental Vida) holding in the share capital of the Bank had fallen below the 2% threshold of qualifying holding (1.84%). The dilution of the former qualifying holding is a result of BCP's exchange offer of some of its subordinated debt and preference shares for ordinary shares, causing the issuance of 4,844,313,860 new shares, which increased the total outstanding ordinary shares in BCP to 59,039,023,275.

### *Sonangol and BPA*

Following the announcement made by the Bank on 8 October 2015, the Bank informed on 25 April 2016 that the public deed for the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. had been executed.

### **Recent developments in 2020**

On 26 March 2020, the Bank informed that its Board of Directors approved, based on the results for 2019, disclosed on 20 February 2020, the individual and consolidated annual report, balance sheet and financial statements of 2019, which were submitted for approval to the Annual General Meeting held on 20 May 2020.

The Board of Directors considered it important to compensate the efforts of the Bank's employees who, in the period comprised between June 2014 and June 2017, accepted a temporary reduction in their remuneration in order to render the Bank's recovery process feasible and to contribute to the compliance with the requirements imposed to the Bank to be able to benefit from State Aid, pursuing its commitment to propose to the General Meeting the distribution of results to Employees that allows for the gradual delivery of an accumulated amount at least equal to the total not received by them during the period. It has therefore proposed to the Annual General Meeting the distribution of up to EUR 1,000.00 to each employee who has not already been fully compensated with the earnings distributed in 2019 if he/she remains in office on the date of payment of the remuneration corresponding to June 2020, up to a maximum total amount of EUR 5,281,000.00, pursuant to the process of compensation for the reduction of wages agreed under the Collective Labour Agreement, as published on 29 March 2014, in the Bulletin of Labour and Employment No. 12.

On 20 May 2020, the Bank concluded, exclusively through electronic means and with 61.31% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

- Item One – Approval of the management report, the individual and consolidated annual report, balance sheet and financial statements of 2019, including the Corporate Governance Report;

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- Item Two – Approval of the proposal for the appropriation of profit regarding the 2019 financial year;
  - Item Three – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;
  - Item Four – Approval of the remuneration policy of Members of Management and Supervisory Bodies;
  - Item Five – Approval of the acquisition and sale of own shares and bonds;
- Item Six – Re-appointment of the elected members of the Board of the General Meeting of Shareholders of Banco Comercial Português, S.A., for the four-year term of office 2020/2023: (i) Chairman: Pedro Rebelo de Sousa and (ii) Vice-Chairman: Octávio Castelo Paulo.

In view of the potential impacts and the uncertainty associated with the pandemic situation, and even though the Bank is part of the group of financial institutions with no specific regulatory constraints pertaining to dividend distribution, the Board of Directors also decided to propose to the Annual General Meeting the retention of the remaining results for 2019, of which EUR 13,929,601.66 to reinforce the legal reserve, and the remaining, in the minimum amount of EUR 120,085,414.93, to retained earnings. This proposal aims to ensure that the Bank is better prepared to face the current uncertain context, with the Board of Directors reiterating its determination to resume the approved dividend policy once the crisis is overcome and as the Bank and the national economy begin to recover.

On 3 April 2020, the Bank informed that Fitch, which has been revising the ratings of the European banks in different geographies due to the disruption caused by the COVID-19 outbreak, also made a reassessment of the Portuguese market and communicated the following rating actions on the Bank:

- Affirmed BCP's Long-Term Rating of 'BB' ("**IDR**" or "**Issue Default Rating**") and its Intrinsic Rating of 'bb' ("**VR**" or "**Viability Rating**"), and revised the Outlook to Negative from Positive, reflecting the uncertainty related to the COVID-19 crisis;
- Assigned a 'BB'-rating to the Bank's senior non-preferred debt and a 'B+' rating to its Tier 2 debt, according to Fitch's new rating methodology for banks;
- Assigned a 'BB+/'B' rating to the Bank's deposits, one notch above the Long-Term IDR, reflecting the view of Fitch that depositors enjoy a superior level of protection."

### Principal Markets and Competition

The Portuguese banking market has become well-developed, including both strong domestic and foreign competitors. These competitors follow a multi-product, multi-channel and multi-client segmented approach, offering a broad range of services from retail products to investment banking coupled with sophisticated payment capability. Foreign banks are present in the Portuguese market, in areas such as corporate banking, asset management, private banking and brokerage services, as well as universal banking services, namely traditional retail banking.

Domestic banking penetration levels rank favourably on a comparable basis and branch network and automated channels are widely disseminated across the country. There has been significant development of remote access to banking services (ATM, home banking, and mobile banking) together with market intelligence techniques enabling banks to accurately track customers' requirements and augment customer proximity. Cross-selling has benefited from the use of such techniques and has increased the proportion of banks' non-interest income over the years.

The Portuguese banking sector will face the potential entry of new and disruptive players benefiting from the PSD2 environment. This is happening against a backdrop of progressive change towards a new digital age in which consumers' behaviour and expectations are evolving. Current trends point to an accelerated mobile / digital banking adoption and customers demanding personalisation. Also, security and trust have reinforced the importance of digitalisation given cyber-risk concerns and cases of misselling. Advances in the ability to deploy technologies (e.g., robotics, machine learning) and the expanded capabilities these enable are setting new ways of working, requiring new skills.

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The deregulation and liberalisation process experienced by the Portuguese banking sector, including Eurozone participation, catalysed an increase in business and competition, particularly in the credit market. Customer loans and advances increased significantly in advance of the implementation of the euro and during the early years of economic convergence and integration within the single currency project (*Source: Banco de Portugal*).

At the same time, the Portuguese banking system experienced a consolidation, which was driven by the need to achieve economies of scale and operating synergies. More recently, against the background of the financial instability beginning in the summer of 2007 and the subsequent euro periphery crisis, deleveraging and strategic repositioning took place. Some foreigner players reappraised their presence and business models and networks developed in Portugal. More recently, major banks in the Portuguese banking system have rationalised their operating structures.

The Portuguese banking market is concentrated with the biggest five banks representing 80% of the market share in terms of business volumes. The Bank is the largest private sector bank in Portugal in terms of business volumes (market share of 18% by gross loans + customer funds), generates 29% of the system core net income and is one of the most efficient banks in Portugal with only 13% of the system branch network.

The growing maturity of the domestic market and globalisation trends led domestic banks to further develop their operations abroad, namely in countries with which Portugal had strong economic and historical relations. Hence, currently, the biggest domestic banking groups manage operations in European and African countries, which bear an increasing strategic relevance for their businesses.

The Portuguese Competition Authority ensures compliance with Portuguese competition rules, asserting regulatory powers over competition in all sectors of the economy, including regulated sectors in coordination with the relevant sector regulators. Banco de Portugal is responsible for the prudential and market conduct supervision, ensuring the stability of the financial system as well as compliance with rules of conduct and transparency for banks' customers. As the national supervisory authority, Banco de Portugal is part of the Single Supervisory Mechanism, the European banking supervision system, entrusted with the safety and robustness of European banks. National competition authorities and the EU have parallel competencies for enforcing European antitrust laws in close co-operation.

In Portugal, the Bank competes primarily with the four other major Portuguese banking groups: Caixa Geral de Depósitos, Banco Santander Totta, CaixaBank/BPI and Novo Banco. BCP's extensive distribution network, which is the second largest, has enabled it to maintain a reference position among its competitors. According to system data from Banco de Portugal, as at 31 December 2019, BCP had a market share of 17.1% of loans to customers (gross) and 17.8% of deposits in its domestic market.

As at the end of 2018, 742 credit institutions, mutual credit banks, saving banks and branches of credit institutions were registered in Portugal, of which 150 were banks (*Source: Banco de Portugal*). Financial institutions with head offices in the European Economic Area providing cross-border services amounted to 1180, as at the end of 2018 (according to the last data available from Banco de Portugal). Common indicators do not indicate levels of concentration significantly divergent from those of the Eurozone. For instance, as of 2018, the total asset share of the five largest credit institutions represented 73% for Portugal, which is above Germany's 29% but below Greece with 97%, Estonia with 91%, Lithuania with 91%, the Netherlands 85%, Cyprus with 88%, Finland with 82%, Latvia 81%, Croatia with 79%, Malta 77% and Slovakia with 76% (*Source: ECB*).

The following table shows the development of the percentage of the Bank's market share in Portugal in terms of loans to customers as at 31 December 2019 (last available data), 2018 and 2017:

	<b>As at 31 December 2019</b>	<b>As at 31 December</b>	
		<b>2018</b>	<b>2017</b>
Loans to customers .....	17.1%	17.4%	17.4%

Sources: BCP and Banco de Portugal.

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The following table shows the number and geographic location of the Bank's branches as at 31 December 2019 and 31 December 2018 and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Portugal.....	505	545	578
Bank Millennium in Poland.....	830	361	355
Millennium bim in Mozambique.....	200	193	186
Banco Millennium Angola.....	0	0	0
Millennium Banque Privée in Switzerland.....	1	1	1
Total in the International activity.....	<u>1031</u>	<u>555</u>	<u>542</u>
	<u>1536</u>	<u>1100</u>	<u>1120</u>

The following table illustrates the competitive environment in Portugal for the two years ended 31 December 2018 and 2017:

	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
Number of banks <sup>(1)</sup> .....	29	28
Number of branches.....	4,054	4,411
Population (thousands).....	10,277	10,291
Inhabitants per branch.....	2,535	2,333
Branches per bank.....	140	158

<sup>(1)</sup> Banks associated with the Portuguese Banking Association.

Sources: Portuguese Banking Association and Portugal's National Statistics Institute.

The Bank is also subject to strong competition in the international markets in which it operates.

The banking sector in Poland is characterised by a relatively low concentration sustaining strong competitive pressure. However, significant opportunities have led to increased competition in recent years, driven by privatisation and consolidation initiatives. In addition, in Poland, European Union integration has created strong incentives for the cross-border provision of financial services and for cross-border mergers, which have resulted in significantly increased competition from foreign banks. As at September 2019, Bank Millennium's market share in Poland, according to the Bank's estimates derived from data published by the National Bank of Poland, was 5.6% of loans to customers (gross) and 6.2% of deposits.

In Mozambique, Millennium bim is the market leader with a market share of 19.9% of loans to customers and 24.7% of deposits in September 2019, according to the Bank of Mozambique. Currently, 21 banks operate in Mozambique and management expects increasing competition from foreign banks, particularly those based in South Africa and Portugal (*Source: Bank of Mozambique*).

Banco Millennium Angola merged with Banco Privado Atlântico, resulting in the second-largest private sector bank in terms of loans to the economy, with a market share of approximately 10% by business volume: market share above 10% in terms of loans and above 12% in terms of deposits (*Source: Bank of Angola*).

### Trends Information

#### Portugal

Portuguese banks will continue to operate in a challenging environment in 2020. Banks are operating within a context of very low interest rates, exercising pressure on the net interest income. Moreover, Portuguese Banks still have a significant number of non-interest bearing assets in their balance sheets. In addition, the context is marked by fast technological evolution and, pursuant to the Payment Services Directive 2 ("PSD2"), by the competition from new players in the market (Fintechs). There are also new regulatory requirements, namely, as a result of the adoption of IFRS16 since January 2019.

As a result of the impact of the COVID-19, and following the economic lockdown, it is expected a severe recession in Portugal's small and open economy. Besides, and despite the Government economic stimulus measures, there could be also an impact in terms of the cost of risk.

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At the end of 2019, all the rating agencies assigned an investment grade rating to the Portuguese Republic, which, together with the improvement in the perception of the market vis-à-vis the Portuguese economy, led to a sharp reduction in sovereign risk premiums and of banks.

In accordance with Banco de Portugal, Portuguese banks resort to the ECB in the amount of EUR 17.3 billion at the end of December 2019. These figures are consistent with the downwards trend in place since the second half of 2013. These figures show an improvement in the liquidity position of the domestic banks which has benefited from the resilient performance of deposits, namely from individuals (+5.3% year-on-year in December 2019, with demand deposits up 8.8%).

Moreover, the deleveraging of the Portuguese financial sector continues and the total loans to individuals increased 3.5% and loans to companies decreased 2.6%, year-on-year, respectively, in December 2019. The loans-to-deposits ratio of the banking sector in Portugal stood at 88% at the end of September 2019 versus 128% at the end of 2012 and 158% at the end of 2010.

The loans granted by BCP continued to decrease but reflects two different dynamics: the NPE portfolio decreased by EUR 1.3 billion in December 2019, year-on-year, and the performing portfolio increased by EUR 5.0 billion, of which EUR 3.0 billion are related to the Eurobank acquisition (in Portugal: NPE portfolio decreased by EUR 1.6 billion and performing portfolio increased by EUR 1.1 billion). At the same time, deposits also continued to grow: +4.6% year-on-year, in Portugal, in December 2019. As BCP has excess liquidity (loans-to-deposits ratio stood at 86% in December 2019), it decided to reduce its use of net funding from the ECB to EUR 0.3 billion in December 2019.

At the end of December 2019, BCP was the largest Portuguese private sector bank, with a robust asset structure, a fully implemented CET1 ratio of 12.2%, above regulatory requirements ("**SREP**") and a loans-to-deposits ratio of 86%.

The low level of interest rates is contributing to decrease the spread on term deposits of the Portuguese banks, a trend which continued, albeit at a slower pace, in 2019, more than offsetting the lower spreads in credit. The rates of the term deposits reached, by the end of December 2019, values around 10 basis points, and the portfolio's average rate should converge to these levels over the course of next year.

The price effect on the net interest income should continue to be globally positive, translating the improvement of the net interest income on operations with customers (differential between the loans average rate and the average rate at which the banks remunerate the deposits). The profitability of the Portuguese banks is expected to continue to be constrained by the prospects of continuation of a low short term interest rates environment.

Several institutions should continue to apply restructuring plans, to increase operating efficiency and the adjustment of business models, which translates into the decrease in the number of branches and employees and in the release of capital allocated to non-core activities. Profitability in the banking industry is still affected by a high NPE stock. Organic capital generation continues to be limited by the low for longer interest rate environment which resulted in DTAs derecognition and downward revision of the pension fund discount interest rate.

There is great focus on the management of the stock of problematic assets and respective coverage levels by LLRs. BCP presented in 2018 a new Strategic Plan (Mobilising Millennium: 2021 Ambitions and Strategic Plan) which includes a new target of NPEs reduction: 60% reduction of NPE stock, reaching approximately EUR 3 billion by 2021.

### *Poland*

Regarding mortgage loans granted by Bank Millennium in CHF, there are risks related to verdicts issued by Polish courts in individual lawsuits against banks (including Bank Millennium) raised by borrowers of FX-indexed mortgage loans.

The vast majority of verdicts in lawsuits concerning Bank Millennium have been favourable to the Bank so far. However, it should be noted that there is a significant risk that such favourable verdicts may change, as a result of which pending lawsuits' verdicts may not be taken in accordance with the Bank's expectation. If such risk materializes, it may have a significant negative impact on Bank Millennium.



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On 3 October 2019, the CJEU issued a judgment on Case C-260/18, in connection with the preliminary questions formulated by the District Court of Warsaw in the lawsuit against Raiffeisen Bank International AG. The judgment of CJEU, as well as its interpretation of European Union Law, is binding on domestic courts.

CJEU's judgment concerns only the situations where the national court has previously found the contract terms to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be identified as abusive in the circumstances of the lawsuit. It can be reasonably assumed that the legal issues relating to FX-indexed mortgage loans will be further examined by the national courts within the framework of the disputes considered, which could possibly result in the emergence of further interpretations relevant for the assessment of the risks associated with subject matter proceedings. This circumstance indicates the need for constant analysis of these matters. Further requests for clarification and ruling addressed to the CJEU and the Supreme Court of Poland with potential impact on the outcome of the court cases may also be filed.

As at 2019, Bank Millennium had 2,010 FX-indexed mortgage loans subject to individual litigations, submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 203 million (EUR 47.74 million). Until 31 December 2019, only 19 of these cases had obtained a final verdict, the vast majority being in accordance with the Bank's interest.

According to the Polish Bank Association (**ZBP**), during 2019, over 70% of the lawsuits regarding FX-indexed mortgage loans obtained a final verdict favourable to the banks involved. However, after the CJEU judgment regarding Case C-260/18 issued on 3 October 2019, there is a risk that this so far positive scenario for the banks may change.

Considering the increased legal risk related to FX-indexed mortgages, Bank Millennium created a provision in the amount of PLN 223 million (EUR 52.45 million) for legal risk. The methodology developed by Bank Millennium is based on the following main parameters: (i) the number of current (including class actions) and potential future court cases that will appear within a specified (three-year) time horizon; (ii) the amount of Bank Millennium's potential loss in the event of a specific court judgment (three negative judgment scenarios were taken into account); and, (iii) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases.

Bank Millennium undertakes a number of actions at different levels towards different stakeholders in order to mitigate legal and litigation risk regarding the FX-indexed mortgage loans portfolio. Bank Millennium is open to negotiate case-by-case favourable conditions for early repayment (partial or total) or the conversion of loans to PLN. On the other hand, Bank Millennium will continue to take all possible actions to protect its interests in courts while, at the same time, being open to find settlement with customers in the court under reasonable conditions.

### *Novo Banco*

It is not yet possible to determine what will be the final impact of the resolution of BES on BCP as an institution participating in the resolution fund created by Decree-Law No. 31-A/2012, of 10 February 2012 (the "**Resolution Fund**").

The Resolution Fund disclosed on 17 June 2019 a set of clarifications related to the payment due in 2019 under the CCA with Novo Banco, namely:

For payments from the Resolution Fund to be made (limited to a maximum of EUR 3,890 million over the lifetime of the mechanism), losses on the assets under the contingent mechanism should be incurred and the capital ratios of Novo Banco should stand below the agreed reference thresholds;

The payment to be made by the Resolution Fund corresponds to the lower of the accumulated losses on the assets covered and the amount necessary to restore the capital ratios above the minimum reference threshold;

The reference capital ratios are, in 2017, 2018 and 2019, linked to the regulatory requirements applicable to Novo Banco (CET1 ratio of 11.25% and Tier 1 ratio of 12.75%), but, as from 2020, the reference ratio will correspond to a CET1 ratio of 12%;

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The initial reference value of the portfolio comprising the contingent capitalisation mechanism was as of 30 June 2016 of EUR 7,838 million (book value of the associated assets, net of impairments), and the value of the portfolio, as of 31 December 2018, amounted to approximately EUR 3,920 million (book value, net of impairments);

The accumulated losses of the covered assets and their management, between 30 June 2016 (reference date of the mechanism) and 31 December 2018, correspond to EUR 2,661 million. Of this amount, the Resolution Fund paid in 2018, in accordance with the terms and conditions of the CCA, around EUR 792 million, hence, the amount of losses not borne by the Fund was, at the end of 2018, approximately EUR 1,869 million;

The amount necessary to maintain the capital ratios of Novo Banco for 2018 at the agreed levels is EUR 1,149 million. The amount payable by the Resolution Fund results from a comparison between the amount of EUR 1.869 million (accumulated loss on the covered assets not supported by the Fund) and the amount of EUR 1,149 million, corresponding to the lower of those amounts, i.e. EUR 1,149 million.

On 24 May 2018, arising from the referred mechanism, the Resolution Fund paid EUR 792 million to Novo Banco using its available financial resources from banking contributions (direct or indirect) and complemented by a State loan of EUR 430 million under the terms agreed between the Portuguese State and the Resolution Fund in October 2017. In its 2018 annual results press release, on 1 March 2019, Novo Banco states that, in connection with the impact of losses related to the sale and write-downs of legacy assets, Novo Banco will request a compensation of EUR 1,149 million under the existing CCA. The Resolution Fund paid to Novo Banco on 6 May 2019 the calculated value relative to 2018 exercise of EUR 1.149 million. For this purpose, the Resolution Fund used its own resources and also resorted to a State loan of EUR 850 million, which corresponds to the annual maximum funding limit agreed between the Resolution Fund and the State. The amount paid by the Resolution Fund to Novo Banco in two years was EUR 1,941 million.

According to Novo Banco's 2019 earnings press release, Novo Banco will request a compensation of EUR 1,037 million under the Contingent Capital Agreement ("**CCA**"), as stipulated in the sale agreement. The amount of the compensation requested in 2017 and 2018 and to be requested relating to 2019 totals EUR 2.98 billion. The maximum amount of compensation established in the CCA is EUR 3.89 billion.

As at 31 December 2019, Novo Banco is held by Lone Star and the Resolution Fund, corresponding to 75% and 25% of the share capital respectively.

### *MREL*

On 30 October 2019, the Bank was notified by the Single Resolution Board of an updated MREL requirement for the resolution group headed by the Bank, at a sub-consolidated level, which includes the operations based in Portugal, Switzerland and Cayman, and excludes the operations based in Mozambique and Poland (the "**Resolution Group**").

Based on financial information of the Resolution Group as at 31 December 2017, the Single Resolution Board set the MREL requirement on a sub-consolidated basis for BCP at 14.99% of Total Liabilities and Own Funds ("**TLOF**"), of which 9.95% shall be met with subordinated instruments, corresponding to 25.98% of Total Risk Exposure Amount ("**TREA**"), of which 17.25% shall be met with subordinated instruments. At the same time, the Bank was informed that the MREL requirement needs to be reached by 1 July 2022 and from that date on shall be met at all times.

On the same date, the Single Resolution Board (the "**SRB**") also notified BCP, as head of the Resolution Group, that Banco ActivoBank, S.A. shall comply with MREL on an individual basis at the level of 7.61% of its TLOF, corresponding to 19.36% of its TREA. This requirement shall be reached by 1 July 2022 and maintained at all times from that date on.

These MREL requirements and the corresponding deadlines will need to be revised with the entering in force of BRRD II (as defined below). Banks are expected to be provided with revised MREL targets (including the interim ones) during the first quarter of 2021 as a result of the 2020 planning cycle.

On 1 April 2020, the SRB made public a letter sent on 25 March 2020 to CEOs of banks under its supervision stating, among other matters that, "The SRB will carefully monitor the market conditions in the next months and analyse the potential impact on transition periods needed for the build-up of MREL.

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The SRB is ready to use its discretion and the flexibility given by the regulatory framework to adapt transition periods and interim targets applied to banking groups, as well as to adjust MREL targets in line with capital requirements, with particular reference to capital buffers".

Moreover, and taking into account the potential impacts for banks of the COVID-19 crisis, on 8 April 2020, Elke König, chairman of the SRB, provided further clarity regarding the future revision of MREL targets stating that the SRB is committed to ensuring that short-term MREL constraints do not prevent banks from lending to business and the real economy.

### *COVID-19 Pandemic*

A widespread global pandemic of the severe respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2) and of the infectious disease COVID-19, caused by the virus, is currently taking place worldwide, affecting the lives of a large portion of the global population.

The range of implications of this pandemic is not yet fully determined but it is already foreseeable that it will have a material adverse impact on the Portuguese economy, as well as on the economies of all other jurisdictions in which the BCP Group operates.

The COVID-19 pandemic is leading to an adverse economic shock, with very substantial effects on business activities. Therefore, the Portuguese economy is forecasted to undergo a significant deterioration as a result of the pandemic. On 26 March 2020, the Bank of Portugal announced that the recession of the Portuguese economy in 2020 could be between -3.7% in a baseline scenario and -5.7% in an adverse scenario (Source: Bank of Portugal, Economic Bulletin, 26 March 2020). In 14 April 2020, the IMF announced that it expected a more severe recession, with a contraction of -8% of the Portuguese GDP in 2020 (Source: IMF, WEO, April 2020), as the pandemic and the necessary lockdown measures had aggravated. In 2021, both institutions foresee a gradual recovery of the Portuguese economy. However, there is heightened uncertainty underlying this scenario and the possibility of the impact of the pandemic crisis may assume a more persistent nature as a result of the destruction of installed productive capacity.

The pandemic has led to the declaration of state of emergency in various countries, including Portugal, as well as the imposition of travel restrictions, the establishment of quarantines and the temporary shutdown of various institutions and businesses and several institutions have taken unprecedented measures, such as having the vast majority of its employees now working remotely.

The BCP Group is following a "Contingency Plan" adapted to the pandemic scenario, which has been updated specifically for the current crisis, and has created a specific Crisis Management Office for this effect. In this context, in line with the guidelines issued by the authorities and supervisory entities, the Bank has defined an action plan aimed at protecting customers and employees, mitigating the probability of contagion and ensuring the operational continuity of the business. Guidance was also issued to service providers.

The Contingency Plan comprehends, among others, the following measures:

- Communication to employees of mitigation measures and information about the virus that aim to safeguard employees and the entire surrounding community, as well as ensuring that the business activity maintains the service levels that customers expect from the Bank;
- National and foreign travel for work should only occur in exceptional cases. National or foreign trips for personal reasons and using air transport are not recommended;
- Whenever possible, meetings by videoconference or conference calls should be the preferred option;
- Employees must limit some of their social habits, such as minimising physical contact;
- Employees who have been abroad in the past 14 days should inform their hierarchy and their Human Resources Manager to assess the need for additional protection measures;
- Distribution of masks and procedures on when and how to use them;
- Daily monitoring of absent employees;

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- Physical segregation of the workspace to minimize the risk of spreading the virus and implementing remote work for part of the teams.
- A significant proportion of employees are currently working remotely to reduce physical contact.

The Contingency Plan may be amended and/or supplemented as the situation evolves. The Crisis Management Office monitors the evolution of the situation and, if necessary, will implement new actions.

Measures were already implemented by the Portuguese Government and the Bank has also announced voluntary measures to address the impact of the pandemic which have an impact on the Bank. Further potential measures may be implemented by the Portuguese Government and the Bank which can also have an impact on the Bank.

The Portuguese Government announced a 6-month moratorium (for the avoidance of doubt it does not imply a cancellation or pardon of any amount) on loan payments (capital and/or interest) until 30 September 2020 (Decree-Law No. 10-J/2020). The moratorium is available for individuals and companies that are not in the financial sector, depending on the fulfilment of certain conditions. Decree-Law No. 10-J/2020 also foresees the granting of guarantees by the Portuguese State, including to non-financial corporate entities, subject to certain conditions.

To help families and businesses overcome the economic challenges caused by the COVID-19 pandemic, BCP has launched a set of measures worth a total of EUR 4.7 billion.

As regards individuals the main measures include:

- Interest and capital moratorium for mortgages until the end of September 2020, under the terms announced in Decree-Law No. 10-J/2020;
- Suspension of spread changes in the case of non-compliance with contractual conditions;
- Integrated Solutions ("**account packs**") for just EUR 1 / month until September 2020;
- Health, disability and death insurance with coverage for COVID-19.

As regards companies, BCP will reinforce credit for cash management and immediate liquidity, with factoring and confirming products, as well as providing the possibility of accessing several credit lines. This plan aims to support the economy, protect employment and strengthen business sustainability. The main measures are:

- Interest and capital moratorium for loans until the end of September 2020, under the terms announced in Decree-Law No. 10-J/2020;
- Reinforcement of cash management credit and immediate liquidity;
- Sociedade de Garantia Mútua guaranteed credit lines up to EUR 6.2 billion;
- EUR 1 billion in credit lines with European guarantees from the European Investment Fund and European Investment Bank;
- 500 million euros in factoring and confirming;
- Financing with extended payment of corporate taxes;
- Discounting of public sector invoices and advance payments from the State;
- Launch of Millennium Help Empresas, a specialised technical support line for corporate customers.

It is not possible at this stage to assess all the specific measures that may be implemented to curb the effects of the COVID-19 pandemic.

**Summary of the developments between 2011 and 2019 of some relevant indicators of the Bank<sup>32</sup>**

The Bank has successfully executed an operational turnaround, reinforcing its financial and capital position despite adverse market conditions in the Portuguese banking sector. This position is reflected by achievements such as the reduction of the commercial gap from EUR 20.5 billion at 31 December 2011 to EUR -8.6 billion at 31 December 2019, following a significant deleveraging (net loans decreased by 23% and deposits increased by 28%), a recovery of net interest income in Portugal from EUR 343 million to EUR 803 million in 2018 and EUR 789 million in 2019, a reduction of operating costs from EUR 853 million in 2013 to EUR 614 million in 2018 and EUR 674 million in 2019 and a reduction of cost of risk from 157 bp in 2013 to 76 in the end of December 2019. Pre-provision profit<sup>33</sup> increased from EUR 474 million in 2013 to EUR 1,159 million in 2018 and EUR 1,169 million in 2019. As a percentage of assets pre-provision profit increased from 0.6% in 2013 to 1.5% in 2018 and to 1.4% in 2019. As a result of the significant deleveraging, reliance on ECB funding has decreased from EUR 10 billion in 2013 to EUR 0.3 billion as at 31 December 2019.

The Balance sheet breakdown as at 31 December 2019 is, on the assets side: gross loans and advances to customers (including debt securities and commercial paper) in the amount of EUR 54.7 billion (EUR 52.3 billion recorded in "Loans and advances to customers"; EUR 2.1 billion recorded in "Debt securities held associated with credit operations" and EUR 0.372 billion (gross amount without considering fair value adjustments) recorded in "Financial assets not held for trading mandatorily at fair value through profit or loss - Loans and advances to customers at fair value"), securities portfolio (including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and debt securities held not associated with credit operations) in the amount of EUR 15.6 billion and other assets net in the amount of EUR 5.0 billion; and on the liabilities side: deposits in the amount of EUR 60.8 billion (of which EUR 59.1 at the amortised cost), money market net (the difference between resources from credit institutions and cash and deposits at central banks, loans to credit institutions and loan agreements) in the amount of EUR -1.8 billion, debt issued by the Bank in the amount of EUR 6.4 billion and shareholders' equity in the amount of EUR 7.4 billion. The Balance sheet breakdown as at 31 December 2011, is on the assets side: loans and advances to customers in the amount of EUR 68.0 billion, securities in the amount of EUR 12.1 billion and other assets net in the amount of EUR 3.2 billion; and on the liabilities side: deposits in the amount of EUR 47.5 billion, money market net in the amount of EUR 12.9 billion, debt issued by the Bank in the amount of EUR 18.5 billion and shareholders' equity in the amount of EUR 4.4 billion.

The breakdown by instrument of the outstanding amounts of the debt issued by the Bank as at 31 December 2019 (EUR 6.4 billion) is as follows (which are recorded in the captions "Financial liabilities at amortised cost – non subordinated debt securities issued", "Financial liabilities at amortised cost –subordinated debt" and "Financial liabilities at fair value through profit or loss"): MTN (EUR 0.9 billion), Bonds and Certificates (EUR 1.1 billion), Covered Bonds (EUR 1.0 billion), Securitisations (EUR 0.2 billion), Subordinated debt (EUR 1.5 billion) and Loan agreements (EUR 1.8 billion). As at 31 December 2011, the breakdown by instrument of the outstanding amounts of the debt issued by the Bank (EUR 18.5 billion) was as follows: MTN (EUR 7.6 billion), Bonds and Certificates (EUR 4.1 billion), Covered Bonds (EUR 3.3 billion), Securitisations (EUR 1.2 billion), Subordinated debt (EUR 1.1 billion) and Loan agreements (EUR 1.2 billion).

The amount of the debt outstanding repaid from 2011-2016 was on average EUR 2.3 billion per year, the same amount as in 2017 (EUR 2.3 billion of debt repaid), EUR 0.8 billion of debt repaid in 2018 and EUR 0.4 billion of debt repaid in 2019. The amount of debt to be repaid in the years after 2019 amounts to EUR 6.4 billion. Future debt repayments (medium-long term) are significantly lower than in the past.

The securities portfolio totalled EUR 12.1 billion as at December 2011 of which EUR 7.3 billion is sovereign debt (Portuguese Government Bonds totalled EUR 4.7 billion of which EUR 3.0 billion are Bonds and EUR 1.7 billion are T-Bills, Polish Government Bonds totalled EUR 0.8 billion; Mozambican

<sup>32</sup> In this section, the terms listed below shall have the following meaning:  
**"Net loans"** means loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss;  
**"Commercial gap"** means loans to customers (gross) minus on-balance sheet customer funds;  
**"Net Interest Margin"** means net interest income for the period as a percentage of average interest earning assets;  
**"Cost of time deposits"** means spread on term deposits book minus 3m Euribor;  
**"Total funding costs"** means interest expenses divided by interest bearing liabilities;  
**"Performing loans"** means loans to customers (gross) minus the stock of non-performing exposures.

<sup>33</sup> **"Pre-provision profit"** means net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings minus operating costs.

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long-term Government Bonds totalled EUR 0.3 billion and other totalled EUR 1.5 billion) and EUR 4.8 billion other instruments. The securities portfolio totalled EUR 15.6 billion as at 31 December 2019 of which EUR 12.9 billion is sovereign debt (Portuguese Government Bonds totalled EUR 6.5 billion of which EUR 4.6 billion are Bonds and EUR 1.9 billion are T-Bills, Polish Government Bonds totalled EUR 5.1 billion; Mozambican Government Bonds totalled EUR 0.8 billion and other totalled EUR 0.6 billion) and EUR 3.2 billion other instruments.

### Evolution of some relevant indicators of the Bank between 2011 and 2019

<b>Consolidated</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Contribution to consolidated results of international operations (€ mn) .....	-	-	159	178	170	173	175	187	144
Net loans (€ bn) .....	68.0	62.6	56.8	53.7	52	48	47.6	48.1	52.3
Deposits (€ bn) .....	47.5	49.4	49.0	49.8	51.5	48.8	51.2	55.2	60.9
Commercial gap (€ bn) .....	20.5	13.2	7.8	3.9	0.4	-0.8	-3.6	-7.1	-8.6
ECB funding (total collateral) (€ bn) .....	15.7	22.3	19.9	14.2	13.9	12.1	12.8	16.9	17.1
ECB funding (€ bn) .....	12.4	10.5	10.0	6.6	5.3	4.4	3.0	2.7	0.3
<b>Individual (Portugal)</b>			<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net Interest Income (€ mn) .....			343	527	711	736	808	803	789
Net Interest Margin (%) .....			0.6%	1.0%	1.5%	1.6%	1.8%	1.8%	1.7%
Cost of time deposits (bps) .....			-239	-173	-123	-83	-69	-56	-56
Total funding costs (%) .....			2.41%	1.92%	1.21%	0.78%	0.44%	0.33%	0.26%
Operating costs (€ mn) <sup>(*)</sup> .....			853	690	644	624	588	641	674
Number of branches <sup>(**)</sup> .....			774	695	671	618	578	546	505
Number of employees <sup>(***)</sup> .....			8,584	7,795	7,459	7,333	7,189	7,095	7,204
Impairment charges (€ mn) .....			743	1,021	730	1,045	533	389	279
Cost of risk (bps) .....			157	233	175	266	140	105	76
Performing loans (€ bn) .....			34.5	32.9	31.8	30.8	31.2	32.4	33.5
Customer deposits (Term deposits) (€ bn) .....			24.9	24.3	21.9	19.9	18.9	18.2	16.7
Customer deposits (On-demand deposits) (€ bn) .....			9.0	10.1	12.9	14.1	16.4	19.5	22.7

(\*) FY 2011: 1,039; 9M 2011: 628

(\*\*) 885 in 2011

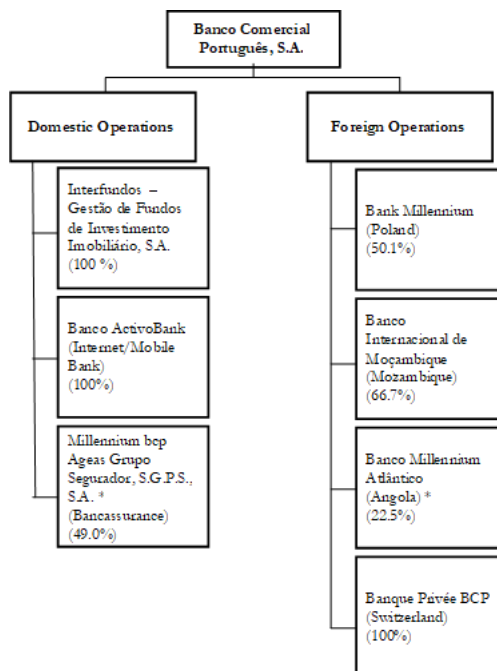
(\*\*\*) 9,959 in 2011

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### Organisational Structure

#### *The Bank and the Group*

The following diagram summarises the organisational structure of the principal subsidiaries of the Group as at 31 December 2019:



\* Consolidated by the equity method.

In addition, the Bank's subsidiary, Millennium bcp – Prestação de Serviços ACE represents its associates regarding third parties, namely in the areas of IT, operational, administrative and procurement. The Bank is, directly or indirectly, the ultimate holding company of all the companies in the Group and is not dependent upon other entities within the Group. However, being the ultimate holding company of the Group, the activities developed by the other members of the Group have an impact on the Bank.

#### *Ownership and Control*

The Bank is not aware of any shareholder or group of connected shareholders who directly or indirectly control the Bank.

#### *Significant Subsidiaries*

The following is a list of the main subsidiaries of the Bank as of 31 December 2019:

Subsidiary companies	Head Office	Activity	% held by the Group	% held by the Bank
Banco ActivoBank, S.A. ....	Lisbon	Banking	100	100
Banco Millennium Atlântico, S.A. ....	Luanda	Banking	22.5	–
Bank Millennium, S.A. ....	Warsaw	Banking	50.1	50.1
Banque Privée BCP (Suisse) S.A. ....	Geneva	Banking	100	100
Banco Internacional de Moçambique, S.A. ....	Maputo	Banking	66.7	–
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A. ....	Oeiras	Investment fund management	100	100
Millennium bcp – Prestação de Serviços, A. C. E. ....	Lisbon	Services	96.2	88.1
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. ....	Oeiras	Holding company	49	49

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### General information

So far as the Bank is aware, there are no arrangements in place, the operation of which may result in a change of control of the Bank.

The Bank has made no material investments since the date of the last published financial statements and the Bank has not made relevant firm commitments on future investments.

There have been no recent events particular to the Bank, which are to a material extent relevant to the evaluation of the Bank's solvency.

### Share Capital

The authorised, issued and fully paid up share capital of the Bank is EUR 4,725,000,000.00 divided into 15,113,989,952 shares with no nominal value. The shares are ordinary, issued in a dematerialised book-entry form (*escriturais*) and *nominativas*, and are integrated in a centralised system recognised under the Portuguese Securities Code (*Central de Valores Mobiliários*) managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., with its registered office at Avenida da Boavista, 3433, 4100 -138 Oporto.

### Legislation regulating the activity of the Bank

The Bank is governed by European Union rules, banking and commercial Portuguese laws on limited liability companies (*sociedades anónimas*) – notably by the Portuguese Companies Code – and, in particular, by the Banking Law, by the Portuguese Securities Code (*Código dos Valores Mobiliários*) and other complementary legislation.

In general terms, the Bank's activity as a credit institution is subject to the supervision of Banco de Portugal, to the supervision of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) as an issuer and a financial intermediary and to the supervision of the Portuguese Insurance and Pension Funds Supervisory Authority (*Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)*) as the tied insurance intermediary.

### Recent developments on the banking regulation

#### *Regulatory requirements*

##### *Capital requirements:*

On 12 September 2010, the Basel Committee on Banking Supervision announced a new capital agreement on banking supervision known as Basel III, which revises most of the capital and liquidity minimum requirements. The Basel III framework sets out enhanced standards to strengthen financial institutions' capital base, improve risk management and governance, and increase transparency for market participants. It builds on the Basel II three-pillar architecture, according to which: (i) Pillar 1 (minimum prudential requirements) sets the binding minimum level of capital banks and investment firms need to face major risks; (ii) Pillar 2 (supervisory review) allows supervisors to evaluate institution-specific risks and impose additional capital charges to face them; (iii) Pillar 3 (market discipline) aims to increase transparency in banks' financial reporting allowing marketplace participants to better reward well-managed banks.

CRD IV empowers the European Banking Authority to draw up regulatory technical standards that specify some of the aspects covered by the amended diplomas. Upon the respective adoption by the European Commission these norms are directly applicable under Portuguese law. Guidelines are subject to their adoption by the Competent Authority.

Under the guidance of the Single Supervisory Mechanism ("**SSM**"), the conclusions of the supervisory review take the form of prudential requirements (Pillar 2) being set to be held in excess of the minimum capital requirements (Pillar 1). Banks are required to maintain a total capital requirement that includes CET1 instruments and other capital instruments and are also subject to the overall capital requirement that also includes the combined own funds buffer requirement.

The supervision of internal models is based on current applicable EU and national law, including CRR, the relevant regulatory technical standards of the EBA and EBA guidelines with which the ECB has announced



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its intention to comply. The internal risk models that the Bank has implemented are supervised and monitored continuously by the supervisory authorities, with whom the Bank maintains a regular dialogue on the matter. Adjustments to those models, with a view to their better calibration in light of possible context changes, requested by the supervisory authorities or as a result of the Bank's initiative, or related to new regulation implementation may have an impact on the amount of risk weighted assets ("**RWA**"), and, consequently, affect the capital ratios of the Bank. The revised regulatory framework of Basel III was implemented in the EU through the adoption of Regulation 575/2013/EU of the European parliament and of the Council of 26 June 2013, as amended, on prudential requirements ("**CRR**") and Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as amended, on access to the activity of credit institutions on prudential requirements ("**CRD IV**"). The CRD IV package is comprised of a directive (CRD IV) governing the access to banking activity, and a regulation (CRR) establishing how to calculate the amount of capital that banks and investment firms must set aside; it also lays down requirements on reporting and liquidity.

The CRR is directly applicable to Member States since January 2014 and includes the following provisions in addition to the minimum capital requirement for CET1 capital of 4.5% of RWA, of 6% for Tier 1 capital ratio and the total capital ratio of 8.0%:

- (i) an additional capital conservation ratio requirement of 2.5% over common equity;
- (ii) a countercyclical capital buffer, which will be between 0.0% and 2.5% of RWA with the ability to absorb losses as a function of the credit cycle subject to its application by national supervisory authorities;
- (iii) a systemic risk buffer and a buffer for other systemically important institution; and
- (iv) the leverage ratio of 3.0%

On 23 November 2014, Decree-Law No. 157/2014, of 24 October 2014 ("**Decree-Law No. 157/2014**"), entered into force, amending the Legal Framework of Credit Institutions and Financial Companies, and implementing CRD IV and CRR at domestic level.

On 1 January 2018, Regulation (EU) 2017/2395 of the European Parliament and of the Council, of 12 December 2017, entered into force, amending the CRR as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State.

The banking package approved by the Council in May 2019 implements further material elements of the Basel III framework (Basel IV), which was finalised on December 2017, by the way of amendments to the CRR ("**CRR II**") and CRD IV ("**CRD V**"), the BRRD ("**BRRD II**") and the SSM Regulation ("**SRMR II**").

This legislative package includes revised rules on calculating capital requirements for market risk, ("**Fundamental review of the banking book**"), introduction of a binding leverage ratio and a binding net stability funding ratio ("**NSFR**") and streamlining Pillar 2 capital requirements. This legislative package also adjusts the MREL. The above Regulations and Directives entered into force on 27 June 2019. The amendments to the CRR are to be applied for the first time two years after entry into force (subject to certain earlier applications and exemptions, such as those relating to the transitional arrangements for IFRS 9 and the characteristics of new regulatory capital instruments), while the new CRD V rules are to be applied 18 months after entry into force, with application immediately thereafter. Member States shall adopt and publish, by 28 December 2020, the measures necessary to comply with the Directives.

On 7 December 2017, the Basel Committee on Banking Supervision reached an agreement on the remaining Basel III reforms ("**Basel IV**"). Basel IV, which paves the way for CRR III and CRD VI as they are to be transposed to European law, aims at reducing excessive variability of RWA. The agreed reforms address the following topics:

- (i) Improvement of the standardised approaches for credit risk;
- (ii) Constraints to the use of internal models: banks may, for example, for their exposures to large and mid-sized corporates no longer use own estimates for two parameters (the loss-given-default and

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exposure at default) but rather use fixed values instead. Moreover, after the reform, internal ratings-based approaches will no longer be allowed for exposures to equities;

- (iii) Improvement of the operational risk framework: current approaches are replaced with a single risk-sensitive standardised approach to be used by all banks; internal models will no longer be allowed to address losses that stem from misconduct, inadequate systems and controls, *etc.*;
- (iv) Introduction of a different output floor set at 72.5% introducing a limit to the regulatory capital benefits that a bank using internal models can derive compared to the standardised approaches;
- (v) Revised procedure for calculating credit valuation adjustments (**CVAs**) in derivatives.

On January 2019, the Basel Committee on Banking Supervision published the revised standards for minimum capital requirements for Market Risk (Fundamental Review of the Trading Book, "**FRTB**") introducing deep changes to the framework and calibration of internal models and standardized models used for the calculation of own funds requirements for this type of risk.

The revised standardised approach, internal models, operational risk framework, and leverage ratio for G-SIIs shall all become applicable as of 1 January 2022. The output floor will be phased-in and will only become fully effective as of January 2027 (2022: 50%, 2023: 55%, 2024: 60%, 2025: 65%, 2026: 70% and 2027: 72.5%). However, in addition, supervisors may at national discretion cap the increase in a bank's total RWA that results from the application of the output floor during its phase-in period. Following the COVID-19 pandemic, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision, has endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the coronavirus.

These measures comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- The implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028.
- The implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.
- The implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

As at 31 December 2019, the Bank's fully implemented CET1 ratio was 12.2%. Starting from the "Total Equity attributable to the Banks shareholders" (EUR 6,120 million), deducting EUR 361 million of DTAs, EUR 130 million of EL gap and deducting EUR 133 of other items one reaches to the CET1 which as at 31 December 2019 stood at EUR 5,496 million.

The capital ratio has increased from 6.4% at the end of December 2009 to 9.3% at the end of December 2011 (both figures refer to the CT1 ratio calculated according to the definition of Banco de Portugal) and to 11.1% at the end of December 2016, 11.9% at the end of December 2017 and 12.0% at the end of December 2018 and 12.2% at the end of December 2019 (these three figures refer to CET1 fully implemented ratio, calculated according to CRD IV and CRR).

*Capital buffers:* The criteria for maintenance by credit institutions and certain investment companies of additional own funds' buffers include:

- (a) a capital conservation buffer;
- (b) the institution's specific countercyclical capital buffer;
- (c) the systemic risk buffer, also referred to as SII buffer; and
- (d) an O-SII buffer (for other systemically important institutions at a national level).

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The combined buffer requirement with which each institution is required to comply corresponds to the sum of the capital conservation buffer, the institution-specific countercyclical capital buffer, and the higher of the O-SII buffer and the systemic risk buffer (except where the latter only applies to risk exposures in the Member State which activated the measure, in which case it is additive).

These measures have the objective of safeguarding financial stability, by strengthening the resilience of the financial sector and preventing systemic risk. The set of instruments and intermediate objectives will be revised and adjusted by the competent authorities where necessary to better safeguard financial stability. In addition, other macroprudential policy instruments may be activated if deemed necessary. Failure to comply with these buffers implies restrictions on distributions relating to CET1 own funds as well as an obligation to submit to the competent authorities a capital conservation plan within 5 business days of the breach.

*Capital conservation buffer:* The capital conservation buffer requirement aims to accommodate losses from a potential adverse scenario. The Bank has a requirement (at an individual and consolidated level) to maintain a minimum CET1 capital buffer of 2.5%, as provided in Article 23 of Decree-Law No. 157/2014.

*Countercyclical buffer:* The countercyclical capital buffer is one of the main macroprudential instruments introduced by the new regulatory framework, aiming to improve the banking system's resilience to periods of excessive credit growth. The establishment of variable capital requirements over the cycle is expected to contribute to mitigating the pro-cyclicality of banks' credit policies. The following apply to this buffer:

- (i) the rate will be set between 0% and 2.5% of the total risk exposure amount;
- (ii) the rate is calibrated in steps of 0.25 percentage points or multiples of 0.25 percentage points; and
- (iii) in exceptional cases, the rate may be set at a level above 2.5%.

The buffer rate for each institution, known as the "institution-specific countercyclical buffer rate", is a weighted average of the countercyclical buffer rates that apply in the countries where the credit exposures of that institution are located. This requirement is met with CET1 capital. Under the SSM, the ECB can propose higher minimum capital requirements than the ones defined by the national authorities. This capital buffer will apply to all credit risk exposures, with credit exposures to the domestic private non-financial sector, of credit institutions and investment firms subject to the supervision of Banco de Portugal or the ECB (SSM), as applicable.

The countercyclical buffer rate for credit exposures to the domestic counterparties (Portugal) will remain at zero % of the total risk exposure amount in effect since 1 April 2020. This decision is reviewed on a quarterly basis by Banco de Portugal, the next decision to be taken by 30 June 2020. As at 31 March 2020 the weighted average of the countercyclical buffer rates that apply in the countries where the Bank is located was also zero %.

On 15 April 2020, the ECB released a statement supporting the macroprudential policy actions taken by euro area macroprudential authorities in response to coronavirus outbreak. These included releases or reductions of the countercyclical capital buffer, systemic risk buffer and buffers for O-SII. In addition, some authorities have postponed or revoked earlier announced measures.

*Systemic risk buffer:* In order to calculate the systemic risk buffer, Banco de Portugal categorises institutions as global systemically important institution ("**G-SII**") or other systemically important institution ("**O-SII**"). Banco de Portugal can also impose a systemic risk buffer of CET1 capital on an individual, sub-consolidated or consolidated basis of at least 1% of the risk exposure to which such buffer is applicable, to prevent or reduce the long-term non-cyclic systemic or macroprudential risks that present a risk of disruption in the financial system and the Portuguese economy.

A G-SII could face additional requirements. Although it is currently not anticipated that Portuguese banks may be classified as G-SIIs, there is no assurance that this will not change in the future. The Bank is currently classified as an O-SII, and as such it is subject to concurrent additional capital requirements. The O-SII buffer rates range from 0.25% to 1% of the total risk exposure (maximum level of 2%) and consists of CET1 capital on a consolidated basis. The cap on the O-SII buffer rate of 2% has been lifted with CRD V to 3%, subject to the approval of the European Commission. These buffers are revised each year or in the event of a significant restructuring process, particularly, a merger or acquisition.

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On 29 November 2019, Banco de Portugal disclosed that it had conducted the annual reassessment of the list of institutions identified as O-SIIs and the respective capital buffers. The O-SII buffer applicable to BCP increased by 25 basis points to 1.00% to be in force starting 1 January 2022.

Following the pandemic outbreak, on 8 May 2020, Banco de Portugal decided to postpone the phase-in period by 1 year of the capital buffer for O-SII, changing the end of the phase-in period of BCP from 1 January 2022 to 1 January 2023 (0.56% in 2020 and 2021, 0.75% in 2022 and 1.00% in 2023).

### *Leverage ratio*

The leverage ratio is a (non-risk-sensitive) measure of a bank's ability to meet its long-term financial obligations, calculated by dividing the Bank's Tier 1 capital by its average total consolidated assets and expressed as a percentage.

CRD V introduces a binding leverage ratio minimum requirement of 3%. Under the new CRD V rules, additional leverage ratio requirements can be imposed to address the institution-specific risk of excessive leverage. G-SII will be required to hold an additional leverage ratio buffer in the future, amounting to 50% of the risk-based G-SII capital buffer. It is not anticipated that Portuguese banks may be classified as G-SIIs. These changes deriving from CRR II, except for the G-SII, are to be applied for the first time two years after CRR II enters into force. Currently, the Leverage ratio only has to be reported to the supervisor and disclosed publicly.

The Bank's leverage ratio was 7.0% fully implemented, as at 31 December 2019.

### *Liquidity requirements*

Basel III and CRD IV and CRR, provide for the setting of short- and long-term liquidity ratios and funding ratios, namely the LCR and the NSFR. The NSFR, currently a mere reporting obligation will become binding following CRD V.

The Bank's LCR calculated in accordance with the Commission Delegated Regulation (EU) 2015/61, of 10 October 2014, and the NSFR, estimated in accordance with Basel III methodology that supported the ECB's Short-Term Exercise report, were 216% and 135%, respectively, as at 31 December 2019, higher than the reference value of 100% (fully implemented).

The LCR requires that banks have sufficient high-quality liquid assets ("**HQLA**") in their liquidity buffer to cover the difference between the expected cash outflows and the expected capped cash inflows over a 30-day stressed period. The value of the ratio is to be no lower than 100% (the stock of HQLAs should at least equal total net cash outflows). In relation to the LCR, the EBA:

- (i) defined assets as 'extremely high' and of 'high' quality;
- (ii) put in place operational requirements for the holdings of liquid assets;
- (iii) recommended that all types of bonds issued or guaranteed by Member States' central governments and central banks in local currency as well as those issued or guaranteed by supranational institutions should be considered transferrable extremely high-quality assets;
- (iv) stated that the credit quality standards and eligibility of covered bonds, bonds, RMBS and bonds issued by local government entities should be considered highly liquid and credit quality assets; and
- (v) recommended that common equity shares should be considered high quality liquid assets.

The NSFR, is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an on-going basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The ratio aims at ensuring that the funding of illiquid assets is made through stable sources, both in normal as well as adverse conditions.

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### *Response to the COVID-19 crisis*

#### *ECB Banking Supervision provides temporary capital and operational relief in reaction to the COVID-19 crisis*

On 12 and 20 March 2020, the ECB announced several measures to support banks.

The ECB will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance, the capital conservation buffer and the liquidity coverage ratio ("**LCR**"). The ECB also clarified that capital buffers may be used in full and that no negative judgment will be attached to those making use of these relief measures. Once this period of financial distress is over banks will be granted sufficient time to build up the buffers again.

Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the P2R. This brings forward a measure that was initially scheduled to come into effect in January 2021, as part of the latest revision of the CRD V.

In addition, the ECB has taken individual measures, such as adjusting timetables, processes and deadlines (e.g. rescheduling on-site inspections and extending deadlines for the implementation of remediation actions stemming from recent on-site inspections and internal model investigations; extending deadlines for certain non-critical supervisory measures and data requests). Banco de Portugal clarified some of these measures through Carta Circular 2020/00000017 and 2020/00000021.

The ECB has supported the decision by the EBA to postpone the 2020 EBA EU-wide stress test.

Banks are expected not to increase dividend distributions or variable remuneration.

On 16 April 2020, the ECB Banking Supervision provided temporary relief for capital requirements for market risk by allowing banks to adjust the supervisory component of these requirements.

#### *Banking Package to help mitigate the economic impact of the COVID-19 pandemic*

On 28 April 2020, the European Commission adopted a banking package to help mitigate the economic impact of the COVID-19 pandemic.

- CRR

In this regard, the following set of amendments to the CRR have been proposed:

- transitional arrangements for mitigating the impact of IFRS 9 provisions on regulatory capital, namely the extension of the current transitional arrangements in the CRR by two years, in line with the international agreement of the Basel Committee. Only provisions incurred as of 1 January 2020 would be eligible;
- date of application of the leverage ratio buffer for G-SIIs is proposed to be deferred by one year to 1 January 2023; and
- more favourable treatment of publicly guaranteed loans under the NPL prudential backstop, namely by temporarily extending preferential treatment to NPLs guaranteed by the public sector in the context of measures aimed at mitigating the economic impact of the COVID-19 pandemic in accordance with EU State aid rules.

- IFRS 9

The banking package also includes an Interpretative Communication on the EU's accounting and prudential frameworks which has clarified:

- the flexibility available in IFRS 9 as regards (i) the Expected Credit Loss (ECL) approach under IFRS 9; (ii) the Assessment of a "Significant Increase in Credit Risk" (SICR) and (iii) the use of moratoria and "Significant Increase in Credit Risk";

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- (ii) that individual or corporate loans that benefit from moratoria should not automatically be considered to have suffered a "Significant Increase in Credit Risk" if they have become subject to private or public moratoria. As such, if they fulfil a number of conditions (as specified in the EBA guidelines of 2 April 2020 on payment moratoria, EBA/GL/2020/02) they are not considered as forbearance measures and therefore do not affect the classification of the loans concerned; and
  - (iii) how the prudential rules on the classification of NPLs (definition of default and loan forbearance under the CRR) can accommodate Government guarantees and payment moratoria in line with the statements and guidance by the EBA and the ECB.
- Other measures

The banking package also envisages the following measures:

- (i) advancing the date of application of the revised supporting factor for SME and the new supporting factor for infrastructure finance, the preferential treatment of certain software assets, and the preferential treatment of certain loans backed by pensions or salaries; and
- (ii) a proposal for the modification of the offsetting mechanism associated with competent authorities' discretion to allow credit institutions to temporarily exclude exposures in the form of central bank reserves from the calculation of the leverage ratio.

### *Banking Union*

In an effort to harmonise the regulation and supervision of banking activities across the European Union and especially in the Eurozone, the European Commission established a new common regulation (**Single Rule Book**) and a common supervisory architecture (European Supervisor Authorities together with National Competent Authorities). The key-elements of the Banking Union are the Single Supervisory Mechanism ("**SSM**"), the SRM and the European Deposits Insurance Scheme ("**EDIS**");

- (i) The SSM, which assigns the role of direct banking sector supervisor to the ECB in order to ensure that the largest banks in Europe are independently supervised under common rules (operating since 4 November 2014);
- (ii) The SRM, which is responsible for planning for the worst-case scenario, namely the failure of a bank, to ensure that the situation can be resolved in an orderly manner;
- (iii) On 24 November 2015, the European Commission presented a legislative proposal that aims to add another element to the Banking Union, the EDIS, which is to be built on the basis of existing national Deposit Guarantee Schemes ("**DGS**"), but yet to be implemented.

Furthermore, the underlying resolution rules were changed through the provisions of the BRRD, according to which resolutions shall mainly be financed by banks' shareholders and creditors. Where necessary, financing can also be provided, on a complementary basis, by the newly established Single Resolution Fund (the "**SRF**"), which is financed by the European banking industry. The SRF is only expected to reach its target funding level in 2023. Members of the Eurozone are automatically part of the Banking Union, while other Member States may opt in.

### *The Single Supervisory Mechanism*

The Banking Union assigns specific tasks to the ECB concerning policies relating to the prudential supervision of credit institutions. According to the regulation, the SSM is intended to ensure that the European Union policy relating to the prudential supervision of credit institutions is implemented in a coherent and effective manner, that the single rulebook for financial services is applied in the same manner to credit institutions in all Member States concerned and that those credit institutions are subject to supervision of the highest quality, unfettered by other non-prudential considerations.

The ECB directly supervises approximately 120 financial institutions, including (since 4 November 2014) the Bank, that are considered to be systemically relevant, given their dimension and importance in the

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banking system of each Member State. The ECB's supervision of the approximately 6,000 other financial entities is exercised in conjunction with national authorities. The "SSM Regulation" and the "SSM Framework Regulation" provide the legal basis for the operational arrangements of the SSM.

The SSM is also responsible for regularly assessing and measuring the risks for each bank and, consequently, the capital and liquidity adequacy of credit institutions through the global evaluation of own funds adequacy, by means of the SREP:

- (i) During the SREP, the supervisor not only defines banks' capital requirements, (e.g. Pillar 2 capital requirements – ("P2R") and Pillar 2 capital guidance ("P2G")), but may also decide to impose additional measures on banks, including liquidity and qualitative measures;
- (ii) The prudential requirements require banks to maintain a total SREP capital requirement ("TSCR") that includes CET1 instruments and other capital instruments;
- (iii) Banks are also subject to the overall capital requirement ("OCR") that includes, in addition to the TSCR, additional capital buffers, namely "the combined buffer", comprised of the countercyclical capital buffer, capital conservation buffer and systemic buffer, as described above; and
- (iv) The P2G is to be made up entirely of CET1 capital and should be held over and above the OCR. Failure to comply with the P2G is not itself a breach of own funds requirements, but it may be subject to additional measures adjusted to the individual situation of the bank. The P2G is not relevant for purposes of the Minimum Distributable Amount ("MDA"). The MDA is the maximum amount a bank is allowed to pay out, for example for bonuses or dividends. A bank whose capital ratio falls below the MDA trigger point faces restrictions on the amount of distributable profits.

During the SREP, the supervisor not only defines banks' capital requirements but may also decide to impose additional measures on banks, including liquidity and qualitative measures. The final measures to be adopted will be assessed, on a case-by-case basis, by the Supervisory Board of the ECB.

CRD V clarifies the conditions for imposing Pillar 2 additional requirements, i.e., the institution-specific nature of Pillar 2 add-ons makes them unsuitable for macro-prudential purposes, for which other specific tools are set out. It also clarifies the interaction between the Pillar 2 add-ons, the Pillar 1 requirements, the own funds and eligible liabilities requirement, the MREL and the combined buffers (the "stacking order") while clarifying the distinction between Pillar 2 requirements imposed by supervisors to address institution-specific actual risks and (non-binding) P2G, which refers to the possibility for competent authorities to indicate to banks the level of capital in excess of Pillar 1, Pillar 2 and combined buffers requirements that they expect them to hold to face forward-looking and remote stresses.

The EBA issues guidelines on common procedures and methodologies for the SREP. These guidelines introduce consistent methodologies for the assessment of risks to capital and risks to liquidity, and for the assessment of the Bank's capital and liquidity adequacy. Changes to guidelines, after being endorsed by the competent authorities may also have implications on the Bank's compliance of supervisory requirements.

### *The Single Resolution Mechanism*

A new recovery and resolution regime introduced tools and powers aimed at addressing banking crisis in advance through Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, as amended, established a framework for recovery and resolution ("BRRD"). The SRM establishes uniform rules and procedures for the resolution of credit institutions (the "SRM Regulation") regarding the loss-absorbing and recapitalisation capacity.

The BRRD was implemented in Portugal through Law No. 23-A/2015, of 26 March 2015, as amended (which amended the Banking Law).

In the event of a bank's critical financial condition ("fail or likely to fail"), the Banking Union's framework was designed to minimise the impact of any particular bank's financial difficulties on the financial system and on taxpayers. Under the envisaged SRM, shareholders of the institution would be the first to bear losses, before that institution's lenders in accordance with the applicable creditor hierarchy set out under applicable legislation. To that end, resolution authorities were given the power to allocate losses to shareholders and creditors (including holders of any Notes) (the "bail in" tool, as per Article 43 of the BRRD), in line with the valuation of the failing business and according to the sequence provided in Article 48 of the BRRD.

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Shareholders and creditors must therefore absorb losses for at least 8% of their total liabilities, including own funds, before any use of the resolution fund.

Guaranteed deposits are expected to be safeguarded and creditors should not bear losses greater than those that they would have suffered had the institution been liquidated under ordinary insolvency proceedings. The BRRD contemplates that subordinated liabilities may be subject to non-viability loss absorption, in addition to the application of the general bail-in tool (which may apply to any of the Notes).

As such, the Banking Union and, in particular, the use of resolution tools and powers provided for by the Banking Union may disrupt the rights of shareholders and creditors. In particular, the power of the authorities to transfer the shares or all or part of the assets of an institution to a private purchaser without the consent of shareholders affects the property rights of shareholders. In addition, the power to decide which liabilities to transfer out of a failing institution based upon the objectives of ensuring the continuity of services and avoiding adverse effects on financial stability may affect the equal treatment of creditors.

To avoid institutions structuring their liabilities in a manner that impedes the effectiveness of the bail-in tool, the BRRD requires that institutions meet at all times a MREL expressed as a percentage of the total liabilities and own funds of the institution. When determining MREL in accordance with points (a) and (b) of Article 45c(1) of the BRRD and in applying the bail-in tool, the resolution authority should ensure that the institution is capable of absorbing an adequate amount of losses and that the post-resolution entity is recapitalised by an amount sufficient to meet ongoing capital prudential requirements after resolution, while sustaining sufficient market confidence. The resolution authority should also take into account the assessments made by the competent authority on the business model, funding model, and risk profile of the institution in order to set prudential requirements.

By delivering a comprehensive framework that ensures that shareholders and creditors bear the cost of bank failure, the BRRD aims at:

- (i) safeguarding the continuity of essential banking operations;
- (ii) protecting the depositors, the client's assets and the public funds;
- (iii) risks to financial stability; and
- (iv) avoiding the unnecessary destruction of value.

Accordingly, resolution powers include, among others:

- the power to reduce, including to reduce to zero, the principal amount of or outstanding amount due in respect of eligible liabilities, of an institution under resolution;
- the power to convert eligible liabilities of an institution under resolution into ordinary shares or other instruments of ownership of that institution;
- the power to cancel debt instruments issued by an institution under resolution except for secured liabilities subject to Article 44(2) of the BRRD; and
- the power to reduce, including to reduce to zero, the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership.

These powers conferred to resolution authorities are such as to ensure that capital instruments (including Additional Tier 1 and Tier 2 instruments) absorb losses at the point of non-viability of the issuing institution. Accordingly, the BRRD contemplates that resolution authorities may require the write down of such capital instruments in full or on a permanent basis, or their conversion in full into CET1 instruments, to the extent required and up to their capacity, at the point of non-viability immediately before the application of any other resolution action, if any.

The BRRD provides, inter alia, that resolution authorities shall exercise the write down power of reducing or converting at the point of non-viability of the issuing institution, according to an order of priority of credits in normal insolvency procedures, in a way that results in:



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- (i) CET1 instruments being written down in proportion to the relevant losses; and
- (ii) the principal amount of other capital instruments being written down and/or converted into CET1 (Tier 1 and Tier 2 instruments).

Resolution authorities may also apply the bail-in tool to meet the resolution objectives, for any of the following purposes:

- (i) to recapitalise an institution that meets the conditions for resolution to the extent sufficient to restore its ability to comply with the conditions for authorisation and to continue to carry out the activities for which it is authorised and to sustain sufficient market confidence in the institution or entity; or
- (ii) to convert to equity or reduce the principal amount of claims or debt instruments that are transferred:
  - (a) to a bridge institution with a view to providing capital for that bridge institution; or
  - (b) under the sale of business tool or the asset separation tool.

When applying the bail-in tool, resolution authorities exercise the write-down and conversion powers meeting the following sequence:

1. Common Equity Tier 1;
2. Additional Tier 1 instruments;
3. Tier 2 instruments;
4. Other subordinated debt, in accordance with the normal insolvency hierarchy; and
5. Other eligible liabilities, in accordance with the normal insolvency hierarchy.

On 3 September 2016, the European Commission adopted the Delegated Regulation (EU) 2016/1450, of 23 May 2016, supplementing the BRRD regulatory technical standards, which entered into force on 23 September 2016, specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities. This directive requires that institutions meet the MREL to avoid excessive reliance on forms of funding that are excluded from bail-in or other resolution measures and prevent the risk of contagion to other institutions and "bank run" situations, since failure to meet the MREL would negatively impact the institutions' loss absorption and recapitalisation capacity and, ultimately, the overall effectiveness of resolution.

The MREL shall be calculated based on different components, namely:

- the loss absorption amount, based on the current capital requirements, including regulatory capital requirements (8% of RWA), the combined buffer requirements, and additional pillar 2 bank-specific requirements set by the supervisor;
- the recapitalisation amount (**RCA**), which aims to cover the capital requirements of the failing institution post-resolution, taking into account potential divestments and other resolution actions under the preferred resolution strategy, and the need to maintain sufficient market confidence; and
- adjustments to overall MREL target, namely the DGS adjustment, linked to any potential involvement of a DGS to protect insured depositors.

Resolution authorities may be able to require, on a case-by-case basis, the MREL to be wholly or partially composed of own funds or of a specific type of liabilities.

On 23 November 2016, the European Commission published proposals for certain amendments to the BRRD (BRRD II), which include certain proposals in relation to the quality and quantity of MREL required by European banks. BRRD II, which entered into force in 27 June 2019, will be applied after being transposed into national law, up to December 2020. A new category of banks ("**top-tier banks**") was created with the entry into force of the BRRD II, enlarging the group of banks for which a statutory minimum requirement is applicable. Top-tier banks are non-G-SIIs with assets above EUR 100 billion.

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MREL is calculated differently for G-SIIs, "top-tier banks" and other banks subject to resolution. Institutions not meeting the criteria for "top-tier banks" can, however, under certain conditions, be classified as such.

The Bank is currently subject to an entity-specific MREL requirement. As further described in the section Trends Information, the Bank has been notified by the Banco de Portugal on the Single Resolution Board's decision regarding the MREL.

On a speech made to the European Parliament ECON Committee, Elke König referred to the adoption by the SRB of a pragmatic common-sense approach as required by circumstances created by the Covid-19 outbreak by postponing less urgent reporting and thus providing operational relief. As regards existing MREL binding targets, the SRB is taking a forward-looking approach to banks that may face difficulties meeting those targets before new decisions, as part of the 2020 resolution cycle.

On 27 December 2017, Directive (EU) 2017/2399 of the European Parliament and of the Council, of 12 December 2017, amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the EU. The Directive entered into force on 28 December 2017 and was transposed to Portuguese legal framework by Law No. 23/2019, of 13 March, in addition to the governing of the position of the unsecured debt instruments in the insolvency hierarchy, providing greater legal certainty to the issuance of non-preferred debt, also confers a preferential claim to all deposits vis-a-vis senior debt.

On 19 March 2020, the European Commission adopted a Temporary Framework to enable Member States to further support the economy in the COVID-19 outbreak. It establishes that if due to the COVID-19 outbreak, banks would need direct support in the form of liquidity recapitalisation or impaired asset measure, the bank receiving such direct support would not automatically be deemed to be failing-or-likely-to-fail, as established by the BRRD. To the extent such measures address problems linked to the COVID-19 outbreak, they would be an exception to the requirement of burden-sharing by shareholders and subordinated creditors.

The SRM and SRF are regulated by the SRM Regulation, which also established the framework for recovery and resolution of credit institutions and the calculation method of the annual contributions for the funding of the resolution mechanism.

The main decision-making body of the SRM is the SRB which is responsible for:

- (i) the planning and resolution phases of the Banking Union's cross-border and large banks, which are directly supervised by the ECB;
- (ii) all resolution cases that require recourse to the SRF, irrespective of the size of the bank;
- (iii) all banks in the Banking Union.

The SRB will work in close cooperation with, and will give instructions to, the national authorities of Member States, including Banco de Portugal, which is the national resolution authority in Portugal. The national authorities of participating Member States (including the Portuguese Republic) are responsible for planning and adopting resolution plans in respect of those banks for which the SRB is not directly responsible.

The SRF is financed through ex-ante contributions paid annually at individual level by all credit institutions within the Banking Union. Contributions to the SRF:

- (i) take into account the annual target level of the SRF set by the SRB as well as the size and the risk profile of institutions;
- (ii) are collected by national resolution authorities and transferred to the SRF by 30 June of every year (in accordance with Article 67(4) of the SRM Regulation and in accordance with the intergovernmental agreement on the transfer and mutualisation of contributions to the SRF ("**Intergovernmental Agreement**");
- (iii) are calculated by the methodology as set out in the Commission Delegated Regulation (EU) 2015/63, of 21 October 2014, as amended, and the SRM Regulation; and

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- (iv) are calculated on the basis of the amount of liabilities deducted from the liability elements that belong to Tier 1 and additional own funds and the deposits covered by the Deposit Guarantee Scheme and subject to an adjustment in accordance with the risk profile of the participating institution, considering its solvability situation.

In accordance to SRM Regulation, the use of the SRF shall be contingent upon the entry into force of an agreement among the participating Member States on transferring the funds raised at national level towards the SRF as well as on a progressive merger of the different funds raised at national level to be allocated to national compartments of the SRF. This Regulation is applicable since 1 January 2016. As such, the SRF does not cover ongoing situations with the Resolution Fund as at 31 December 2015.

In 2015, following the establishment of the SRF, the Group made an initial EUR 31.4 million contribution. In accordance with the Intergovernmental Agreement, this amount was not transferred to the SRF but was used instead to partially cover the disbursements made by the Resolution Fund for resolution measures applied prior to the date of application of this Intergovernmental Agreement. Consequently, an equivalent amount will have to be transferred over a period of 8 years (starting in 2016) through periodic contributions to the SRF.

### *The Portuguese Resolution Fund*

This fund consists of a resolution fund whose primary purpose has been to provide financial support for the application of resolution measures as determined by Banco de Portugal ("**Resolution Fund**"). The Resolution Fund foresees the participation of:

- (i) credit institutions with a head office in Portugal, including the Bank;
- (ii) branches of credit institutions in states that do not belong to the EU;
- (iii) relevant companies for the management of payment systems subject to supervision of Banco de Portugal; and
- (iv) certain types of investment companies.

Decree-Law No. 31-A/2012, of 10 February 2012, which amended the Banking Law, also introduced, on terms subsequently amended by Law No 23-A/2015, of 26 March 2015, the creation of the privileges accorded to claims associated with loans backed-up by deposits under the Deposit Guarantee Fund (the "**DGF**"), as well as credit secured by the DGF, by the Integrated Mutual Agricultural Scheme (which, in Portugal, is formed by the Central Mutual Agricultural Bank (*Caixa Central de Crédito Agrícola Mútua*) and its associated banks) or by the Resolution Fund, arising from the potential financial support that these institutions might give in the context of the implementation of resolution measures, within the limits of the applicable laws.

The regime established in Decree-Law No. 24/2013 establishes that the Bank of Portugal fixes, by instruction, the rate to be applied each year based on objective incidence of periodic contributions. The instruction of the Bank of Portugal no. 24/2019, published on 16 December 2019, set the base rate to be effective in 2020 for the determination of periodic contributions to the Resolution Fund by 0.06% against the rate of 0.057% in 2019.

Increases in the base rate in future years may reduce the Bank's profitability. The contribution of the Bank to the Resolution Fund was EUR 16.0 million in 2019, EUR 12.1 million in 2018, EUR 8.5 million in 2017 and EUR 5.7 million in 2016. The ex-ante contributions for the Resolution Fund are calculated in the same way as the abovementioned SRF contributions are calculated.

According to Article 14(5) of Law No. 23-A/2015, of 26 March 2015, and without prejudice to the ex-ante and ex-post contributions regulated by the regime, further ex-ante and ex-post contributions can be charged for the Resolution Fund in accordance with the regime of Decree-Law No. 24/2013, of 19 February 2013, if these contributions are intended to enable the compliance with the obligations undertaken or to be undertaken by the Resolution Fund by virtue of having financially supported resolution measures until 31 December 2014.

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### *Application of resolution measures to Novo Banco*

On 3 August 2014, with the purpose of safeguarding the stability of the financial system, Bank of Portugal applied a resolution measure to Banco Espírito Santo, S.A. (**BES**) in accordance with the Article 145-C (1.b) of the Legal Framework of Credit Institutions and Financial Companies, namely by the partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. (**Novo Banco**), incorporated on that date by a decision issued by the Bank of Portugal. Within the scope of this process, the Resolution Fund made a capital contribution to Novo Banco amounting to EUR 4,900 million, becoming, on that date, the sole shareholder.

Within this context, the Resolution Fund borrowed EUR 4,600 million, of which EUR 3,900 million were granted by the State and EUR 700 million by a group of credit institutions, including the Bank.

As announced on 29 December 2015, Bank of Portugal transferred to the Resolution Fund the liabilities emerging from the "eventual negative effects of future decisions regarding the resolution process that may result in liabilities or contingencies".

On 7 July 2016, the Resolution Fund declared that it would analyse and evaluate the diligences to be taken, following the publication of the report on the result of the independent evaluation, made to estimate the level of credit recovery for each category of creditors under a hypothetical scenario of a normal insolvency process of BES on 3 August 2014.

In accordance with the applicable law, when the BES liquidation process is over, if it is verified that the creditors, whose credits were not transferred to Novo Banco, would take on a higher loss than the one they would hypothetically take if BES had gone into liquidation right before the application of the resolution measure, such creditors shall be entitled to receive the difference from the Resolution Fund.

On 31 May 2019, the Liquidation Committee of BES presented a list of all the acknowledged and a list of the non-acknowledged creditors before the court and the subsequent terms of the proceedings. This list details that the total of the acknowledge credits, including capital, remunerative and default interest amounts to EUR 5,056,814,588, of which EUR 2,221,549,499 are common credits and EUR 2,835,265,089 are subordinated claims, there being no guaranteed or privileged claims. Both the total number of acknowledged creditors and the total value of the acknowledged credits and their ranking will only be ultimately determined with the definitive judicial judgment of the verification and ranking of credits to be given in the liquidation proceedings.

Following the resolution measure of BES, a significant number of lawsuits against the Resolution Fund was filed and is underway. According to note 23 of the Resolution Fund's annual report of 2018, "Legal actions related to the application of resolution measures have no legal precedents, which make it impossible to use of case law in their evaluation, as well as a reliable estimate of the associated contingent financial impact. However, on 12 March 2019, the Administrative Court of Lisbon unanimously by its 20 judges delivered its judgment, confirming the constitutionality of the legal regime of the resolution and the full legality of the resolution measure applied to BES on 3 August 2014. Also, by decision of the Supreme Administrative Court on 13 March 2019, a judgment on the substance was entirely favourable to the Resolution Fund associated to the impugnation of the sale process of Novo Banco. The Board of Directors supported by lawyers opinion, which sponsored these actions, and in the light of the legal and procedural information available so far, considers that there is no evidence to cast doubt on their belief that the probability of success is higher than the probability of failure".

On 31 March 2017, Bank of Portugal communicated the sale of Novo Banco, where it states the following: "Banco of Portugal today selected Lone Star to complete the sale of Novo Banco. The Resolution Fund has consequently signed the contractual documents of the transaction. Under the terms of the agreement, Lone Star will inject a total of EUR 1,000 million in Novo Banco, of which EUR 750 million at completion and EUR 250 million within a period of up to 3 years. Through the capital injection, Lone Star will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital".

The terms agreed also include a Contingent Capital Agreement, under which the Resolution Fund, as a shareholder, undertakes to make capital injections if certain cumulative conditions are to be met related to the performance of a specific portfolio of assets and to the capital ratios of Novo Banco going forward.

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If these conditions are met, the Resolution Fund may be called upon to make a payment to Novo Banco for the lesser of the accumulated losses in the covered assets and the amount necessary to restore the capital ratios at the agreed levels. Any capital injections to be carried out pursuant to this contingent mechanism are limited to an absolute cap. The terms agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, to align incentives as well as monitoring mechanisms, notwithstanding the limitations arising from State Aid rules.

On 18 October 2017, following the resolution of the Council of Ministers no. 151-A/2017 of 2 October 2017, the Bank of Portugal communicated the conclusion of the sale of Novo Banco to Lone Star, with an injection by the new shareholder of EUR 750 million, followed by a further capital increase of EUR 250 million by the end of 2017. Upon completion of the transaction, the status of Novo Banco as a bridge institution ceased, fully complying with the purposes of the resolution of Banco Espírito Santo.

On 26 February 2018, the European Commission published the non-confidential version of its decision regarding the approval of State aid underlying Novo Banco's sale process. This statement identifies the three support measures by the Resolution Fund and the State that are part of the sale agreement associated with a total gross book value of around EUR 10-20 billion<sup>34</sup> that revealed significant uncertainties regarding adequacy in provisioning<sup>35</sup>:

- (i) Contingent Capital Agreement (CCA) which allows Lone Star to reclaim, from the Resolution Fund, funding costs, realised losses and provisions related to an ex-ante agreed portfolio of existing loan stock, up to a maximum of EUR 3.89 billion, subject to a capital ratio trigger (CET1 below 8%-13%) as well as to some additional conditions<sup>8 9 36</sup>;
- (ii) underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount necessary (but no more than EUR 400 million). The amount that can be reclaimed by the Resolution Fund under the Contingent Capital Agreement is subject to the cap of EUR 3.89 billion<sup>37</sup>;
- (iii) in case the Supervisory Review and Evaluation Process ("SREP") total capital ratio of Novo Banco falls below the SREP total capital requirement, the State will provide additional capital in certain conditions and through different instruments<sup>38</sup>.

According to the 2018 Resolution Fund's annual report, the Resolution Fund and Novo Banco have agreed that a Verification Agent - an independent entity which is essentially responsible for settling any differences that may exist between Novo Banco and the Resolution Fund regarding the set of calculations inherent to the Contingent Capital Agreement or regarding the practical application of the principles stipulated in the contract - is in charge of confirming that the perimeter of the mechanism is correct and that the balance sheet values of Novo Banco are being correctly reflected in the mechanism, as well as verifying the underlying set of calculations, namely by confirming the correct calculation of losses and the reference value of the assets.

Also in its 2018 annual report, the Resolution Fund states that "Regarding future periods, a significant uncertainty as to the relevant parameters for the calculation of future liabilities is deemed to exist, either for their increase or reduction, under the terms of the agreement on the Contingent Capital Agreement with Novo Banco".

The Resolution Fund disclosed on 17 June 2019 a set of clarifications related to the payment due in 2019 under the CCA with Novo Banco, namely:

- For payments from the Resolution Fund to be made (limited to a maximum of EUR 3,890 million over the lifetime of the mechanism), losses on the assets under the contingent mechanism should be incurred and the capital ratios of Novo Banco should stand below the agreed reference thresholds;

<sup>34</sup> Exact value not disclosed by the European Commission for confidentiality reasons

<sup>35</sup> As referred to in the respective European Commission Decision

<sup>36</sup> According to 2018 Novo Banco's earnings institutional presentation, the "minimum capital condition" is (i) CET1 or Tier 1 < CET1 or Tier 1 SREP requirement plus a buffer for the first three years (2017-2019); (ii) CET1 < 12%

<sup>37</sup> As referred to in the respective European Commission Decision

<sup>38</sup> As referred to in the respective European Commission Decision

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- The payment to be made by the Resolution Fund corresponds to the lower of the accumulated losses on the assets covered and the amount necessary to restore the capital ratios above the minimum reference threshold;
- The reference capital ratios are, in 2017, 2018 and 2019, linked to the regulatory requirements applicable to Novo Banco (CET1 ratio of 11.25% and Tier 1 ratio of 12.75%), but, as from 2020, the reference ratio will correspond to a CET1 ratio of 12%;
- The initial reference value of the portfolio comprising the Contingent Capitalisation Agreement was as of 30 June 2016 of EUR 7,838 million (book value of the associated assets, net of impairments), and the value of the portfolio, as of 31 December 2018, amounted to approximately EUR 3,920 million (book value, net of impairments);
- The accumulated losses of the covered assets and their management, between 30 June 2016 (reference date of the mechanism) and 31 December 2018, correspond to EUR 2,661 million. Of this amount, the Resolution Fund paid in 2018, in accordance with the terms and conditions of the CCA, around EUR 792 million, hence, the amount of losses not borne by the Fund was, at the end of 2018, approximately EUR 1,869 million;
- The amount necessary to maintain the capital ratios of Novo Banco for 2018 at the agreed levels is EUR 1,149 million. The amount payable by the Resolution Fund results from a comparison between the amount of EUR 1.869 million (accumulated loss on the covered assets not supported by the Fund) and the amount of EUR 1,149 million, corresponding to the lower of those amounts, i.e. EUR 1,149 million.

On 24 May 2018, arising from the referred mechanism, the Resolution Fund paid EUR 792 million to Novo Banco using its available financial resources from banking contributions (direct or indirect) and complemented by a State loan of EUR 430 million under the terms agreed between the Portuguese State and the Resolution Fund in October 2017. In its 2018 annual results press release, on 1 March 2019, Novo Banco states that, in connection with the impact of losses related to the sale and write-downs of legacy assets, Novo Banco will request a compensation of EUR 1,149 million under the existing CCA. The Resolution Fund paid to Novo Banco on 6 May 2019 the calculated value relative to the 2018 exercise, in the amount of EUR 1.149 million. For this purpose, the Resolution Fund used its own resources and also resorted to a State loan of EUR 850 million, which corresponds to the annual maximum funding limit agreed between the Resolution Fund and the State. The amount paid by the Resolution Fund to Novo Banco in two years was EUR 1,941 million.

According to Novo Banco's 2019 earnings press release, Novo Banco will request a compensation of EUR 1.037 million under the Contingent Capital Agreement ("CCA"), as stipulated in the sale agreement. The amount of the compensation requested in 2017 and 2018 and to be requested relating to 2019 totals EUR 2.98 billion. The maximum amount of compensation established in the CCA is EUR 3.89 billion.

As at 31 December 2019, Novo Banco is held by Lone Star and the Resolution Fund, corresponding to 75% and 25% of the share capital respectively.

### *Resolution measure of Banif – Banco Internacional do Funchal, S.A.*

On 19 December 2015, the Board of Directors of Bank of Portugal announced that Banif was "at risk of insolvency or insolvent" and started an urgent resolution process of the institution through the partial or total sale of its activity, which was completed on 20 December 2015 through the sale to Banco Santander Totta S.A. (**BST**) of the rights and obligations of Banif, formed by the assets, liabilities, off-balance sheet items and assets under management.

The largest portion of the assets that were not sold, were transferred to an asset management vehicle denominated Oitante, S.A. (**Oitante**) specifically created for that purpose, having the Resolution Fund as the sole shareholder. For that matter, Oitante issued bonds representing debt in the amount of EUR 746 million. The Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee. The operation also involved state aid, of which EUR 489 million were provided by the Resolution Fund, which was funded by a mutual contract given by the State.

According to the Resolution Fund's 2018 annual report, "to ensure that the Fund has, at due date, the financial resources necessary to comply with this guarantee, if the principal debtor – Oitante - defaults, the

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Portuguese State counter-guarantees the referred bond issue. Until 31 December 2018, Oitante made partial prepayments of EUR 360.961 million, which reduces the amount of the guarantee provided by the Resolution Fund to EUR 385.038 million. Considering the anticipated reimbursements, as well as information provided by Oitante's Board of Directors regarding 2018 exercise, it is envisaged that there are no relevant situations that could trigger the guarantee provided by the Resolution Fund". On 13 July 2019, Oitante states that "at the end of the current month, July 2019, the debt reimbursed since it was incurred will reach 57.7%".

Also, according to this source, "The outstanding debt related to the amount made available by the State to finance the absorption of BANIF's losses, following the resolution measure applied by Banco de Portugal to that entity amounts to EUR 352,880.3 thousand". This partial early repayment of EUR 136 million corresponds to the revenue of the contribution collected, until 31 December 2015, from the institutions covered by the SRM Regulation which was not transferred to the Single Resolution Fund and which will be paid to the Single Resolution Fund by the credit institutions that are covered by this scheme over a period of 8 years starting in 2016 (according to the Resolution Fund's 2016 annual report).

### *Liabilities and Financing of the Resolution Fund*

Pursuant to the resolution measures applied to BES and Banif the Resolution Fund borrowed loans and assumed other responsibilities and contingent liabilities resulting from:

- The State loans, on 31 December 2018 included the amounts made available (i) in 2014 for the financing of the resolution measure applied to BES (EUR 3,900 million); (ii) to finance the absorption of Banif's losses (EUR 353 million); (iii) under the framework agreement concluded with the State in October 2017 for the financing of the measures under the Contingent Capital Agreement (EUR 430 million plus EUR 850 million of additional funding requested in 2019, as described above);
- Other funding granted by the institutions participating in the Resolution Fund in the amount of EUR 700 million, in which the Bank participates, within the scope of BES resolution measure;
- Underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount of EUR 400 million. This underwriting did not take place as the instruments were placed with third party investors as disclosed by Novo Banco on 29 July 2018;
- Effects of the application of the principle that no creditor of the credit institution under resolution may assume a loss greater than the one it would take if that institution did not go into liquidation;
- Negative effects resulting from the resolution process that result in additional liabilities or contingencies for Novo Banco, S.A., which must be neutralized by the Resolution Fund;
- Legal proceedings filed against the Resolution Fund;
- Guarantee granted to the bonds issued by Oitante S.A. This guarantee is counter-guaranteed by the Portuguese State;
- Contingent Capital Agreement which allows Lone Star to reclaim, from the Resolution Fund, funding costs, realised losses and provisions related to the aforementioned ex-ante portfolio of existing loan stock agreed upon the sale process to Lone Star up to EUR 3,89 billion under the aforementioned conditions, among which a reduction of CET1 below 8%-13%;
- In case the Supervisory Review and Evaluation Process ("**SREP**") total capital ratio of Novo Banco falls below the SREP total capital requirement, the State will provide additional capital in certain conditions and through different instruments as referred to in the respective European Commission Decision.

According to note 24 of the Resolution Fund's 2018 annual report, the Resolution Fund considers that, to date, there are no elements that allow a reliable estimate of the potential financial effect of these potential liabilities.

By a public statement on 28 September 2016, the Resolution Fund and the Ministry of Finance communicated the agreement based on a review of the terms of the EUR 3,900 million loan originally

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granted by the State to the Resolution Fund in 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the ability of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Minister of Finance also announced that increases in the liabilities arising from the materialisation of future contingencies will determine the maturity adjustment of State and Bank loans to the Resolution Fund, in order to maintain the contributory effort required to the banking sector at current levels.

According to the communication of the Resolution Fund of 21 March 2017:

- "The conditions of the loans obtained from the Fund to finance the resolution measures applied to Banco Espírito Santo, S.A. and to Banif– Banco Internacional do Funchal, S.A. were changed. These loans amount to EUR 4,953 million, of which EUR 4,253 million were granted by the Portuguese State and EUR 700 million were granted by a group of banks";
- "Those loans are now due in December 2046, without prejudice to the possibility of being repaid early based on the use of the Resolution Fund's revenues. The due date will be adjusted so that it enables the Resolution Fund to fully meet its liabilities based on regular revenues and without the need for special contributions or any other type of extraordinary contributions. The liabilities resulting from the loans agreed between the Resolution Fund and the State and the banks pursuant to the resolution measures applied to BES and Banif are handled with one another";
- "The revision of the loans' conditions aimed to ensure the sustainability and financial balance of the Resolution Fund";
- "The new conditions enable the full payment of the liabilities of the Resolution Fund, as well as the respective remuneration, without the need to ask the banking sector for special contributions or any other type of extraordinary contributions".

On 2 October 2017, by Council of Ministers (Resolution no. 151-A/2017), the Portuguese State, as the ultimate guarantor of financial stability, was authorised to enter into a framework agreement with the Resolution Fund, to make available the necessary financial resources to the Resolution Fund, if and when it deemed necessary, to satisfy any contractual obligations that may arise from the sale of the 75% stake in Novo Banco. It is also mentioned that the reimbursement will consider the stability of the banking sector, i.e. without the Resolution Funds' participants being charged special contributions or any other extraordinary contributions.

The Resolution Fund's own resources had a negative equity of EUR 6,114 million, according to the latest 2018 annual report of the Resolution Fund.

To reimburse the loans obtained and to meet other liabilities that it may take on, the Resolution Fund receives proceeds from the initial and regular contributions from the participating institutions (including the Bank) and from the contribution over the banking sector (Law no. 55-A/2010). It is also provided for the possibility of the member of the Government responsible for the area of Finance to determine, by ordinance that the participating institutions make special contributions, in the situations provided for in the applicable legislation, particularly if the Resolution Fund does not have resources to fulfil with their obligations.

Pursuant to Decree-Law No. 24/2013, of 19 February 2013, which establishes the method for determining the initial, periodic and special contributions to the Resolution Fund, provided for in the Legal Framework of Credit Institutions and Financial Companies, the Bank has been proceeding, since 2013, to the mandatory contributions, as provided for in the Decree-Law.

On 3 November 2015, the Bank of Portugal issued a Circular Letter under which it is clarified that the periodic contribution to the Resolution Fund should be recognised as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of the referred Decree-Law, thus the Bank is recognising as an expense the contribution to the RF in the year in which it becomes due.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: "...it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to



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finance the resolution measure applied to Banco Espírito Santo, S.A., ("**BES**"). Therefore, the eventual collection of a special contribution appears to be unlikely".

The regime established in Decree-Law No. 24/2013 establishes that the Bank of Portugal fixes, by instruction, the rate to be applied each year based on objective incidence of periodic contributions. The instruction of the Bank of Portugal no. 24/2019, published on 16 December 2019, set the base rate to be effective in 2020 for the determination of periodic contributions to the FR by 0.06% against the rate of 0.057% in 2019.

During 2019, the Group made regular contributions to the Resolution Fund in the amount of EUR 15.965 million. The amount related to the contribution on the banking sector, registered in 2019, was EUR 31.818 million. These contributions were recognized as a cost in 2019, in accordance with IFRIC no. 21 – Levies.

In 2015, following the establishment of the SRF, the Group had to make an initial contribution in the amount of EUR31.364 million. In accordance with the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the SRF, this amount was not transferred to the SRF but was used instead to partially cover for the disbursements made by the RF in respect of resolution measures prior to the date of application of this Agreement. This amount will have to be reinstated over a period of 8 years (started in 2016) through the periodic contributions to the SRF. The total amount of the contribution attributable to the Group in 2019 was EUR 21.918 million, of which the Group delivered EUR 18.747 million and the remaining was constituted as irrevocable payment commitment. The SRF does not cover undergoing situations with the Resolution Fund as at 31 December 2015.

It is not possible, on this date, to assess the effects on the Resolution Fund due to: (i) the sale of the shareholding in Novo Banco in accordance with the communication of Banco de Portugal dated 18 October 2017 and the information provided by the European Commission on this subject under the terms described above, including the effects of the application of the Contingent Capital Agreement; (ii) the application of the principle that no creditor of the credit institution under resolution may take on a loss greater than the one it would take if that institution did not go into liquidation; (iii) additional liabilities or contingencies for Novo Banco, S.A. which need to be neutralized by the Resolution Fund; (iv) legal proceedings against the Resolution Fund, including "processo dos lesados do BES"; and (v) the guarantee provided to the bonds issued by Oitante, in this case, the referred trigger is not expectable in accordance to the most recent information communicated by the Resolution Fund in its annual accounts.

According to Article 5 (e) of the Regulation of the Resolution Fund, approved by the Ministerial Order no. 420/2012, of 21 December, the Resolution Fund may submit to the Government a proposal for the implementation of special contributions to rebalance the financial condition of the Resolution Fund. According to public communications from both the Resolution Fund and from the Government, there is no indication that any such special contributions are foreseen.

According to the Resolution Fund's 2018 annual report, under note 10, "the Resolution Fund is not obliged to present positive equity. In case of insufficient resources, the Resolution Fund may receive special contributions, as determined by the member of the Government responsible for finance, in accordance with article 153-I of the Legal Framework of Credit Institutions and Financial Companies and no such contributions are foreseen, in particular after a review of the financing conditions of the Resolution Fund".

Eventual alterations regarding this matter may have relevant implications in future financial statements of the Group.

The COVID-19 pandemic and heightened uncertainty about the magnitude and duration of the outbreak create an additional context of uncertainty with respect to its impacts.

### *The European Deposit Guarantee System*

On 16 April 2014, the European Parliament and the Council adopted Directive 2014/49/EU on DGS ("DGS Directive"). The Directive encompasses the harmonisation of the funding mechanisms of DGS, the introduction of risk-based contributions and the harmonisation of the scope of products and depositors covered. In accordance with the DGS Directive, each credit institution should be part of a DGS recognised under this Directive, thereby ensuring a high level of consumer protection and a level playing field between credit institutions, while also preventing regulatory arbitrage. The DGS Directive sets the harmonised coverage level at EUR 100,000 and retains the principle of a harmonised limit per depositor rather than per

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deposit (such limit to be applied, in principle, to each identifiable depositor, except for collective investment undertakings subject to special protection rules). Each institution's contribution to DGS will be based on the amount of covered deposits and the degree of risk incurred by the respective member. The DGS Directive was transposed into the Portuguese law by Law No. 23-A/2015, of 26 March.

According to the BRRD, and consequently the Banking Law, with the amendments of Law No. 23-A/2015, of 26 March 2015, banks must ensure that by 3 July 2024 the financial resources available to a DGS amount to a target-level of 0.8% of the amount of DGF-covered deposits.

If, after this target level is reached for the first time, the available financial resources are reduced to less than two thirds of the target level, the *ex-ante* contributions are set by Banco de Portugal at a level that allows the target level to be reached within six years. If the available financial resources are not sufficient to reimburse the depositors, in the event of unavailability of deposits, DGS members must pay *ex-post* contributions not exceeding 0.5% of the DGF-covered deposits for the exercise period of the DGF. In exceptional circumstances, the DGS can request a higher amount of contribution with the approval of Banco de Portugal.

The exemption from the immediate payment of *ex-ante* contributions shall not exceed 30% of the total amount of contributions raised. This possibility depends on the credit institutions undertaking irrevocable payment commitments, to pay part of or the whole amount of the contribution which has not been paid in cash to the DGF, that are fully backed by collateral composed of low-risk assets unencumbered by any third-party rights and partly or wholly pledged in favour of the DGF at DGF's request.

The additional indirect costs of the deposit guarantee systems may be significant and can consist of costs associated with the provision of detailed information to clients about products, costs of compliance with specific regulations on advertising for deposits or other products similar to deposits.

### *Other financial service laws and regulations*

The Bank is still subject to other Directives and Regulations, among which:

- Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, as amended, transposed into the national legal framework by Law No. 35/2018, of 20 July 2018, and is already in force with some additional related regulations pending, and Regulation (EU) No. 600/2014 of the European Parliament and of the Council, of 15 May 2014, as amended, relating to markets in financial instruments, known as the Markets in Financial Instruments Directive II ("**MiFID II**") and Markets in Financial Instruments Regulation ("**MiFIR**"), respectively.
- Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, as amended, relating to packaged retail and insurance-based investment products, complemented by Delegated Regulation (EU) No. 653/2017 of the Commission, of 8 March 2017 ("**PRIPs**"), as amended, which applies from 1 January 2018. On 4 January 2018, the CMVM issued a "Circular" regarding PRIIPs subject to the CMVM's supervision, outlining further applicable requirements and Law 35/2018, of 20 July 2018 introduced the legal framework for PRIIPs in Portugal.
- The European Market Infrastructure Regulation, Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012 ("**EMIR**"), as amended, that sets out procedures regarding OTC markets and derivatives, namely on clearing;
- Rules and regulations related to the prevention of money laundering, bribery and terrorism financing - Banco de Portugal is responsible for the preventive supervision of money laundering and terrorist financing ("**ML/TF**") in the financial sector. Within the applicable legal framework, the following are paramount: (i) Law No 83/2017, of 18 August 2017, as amended, which sets forth preventive and repressive measures to combat ML/TF; (ii) Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015, as amended, on the information on payers and payees, accompanying transfers of funds, in any currency, for the purposes of preventing, detecting and investigating ML/TF; (iii) Law No 97/2017 of 23 August 2017, which governs the application and execution of the restrictive measures approved by the United Nations or by the European Union and sets forth the sanctions applicable to breaches of such measures and (iv) the regulatory notice ("**Aviso**") of Banco de Portugal No. 2/2018, of 26 September 2018, which

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governs enforcement conditions, procedures, instruments, mechanisms, enforcement measures, reporting obligations and other aspects necessary for ensuring compliance with obligations for the prevention of ML/TF.

### *Prevention, mitigation and monitoring of asset quality*

In 2013, the EBA issued a recommendation to Competent Authorities ("CAs") to perform asset quality reviews for banks, based on newly harmonised definitions of NPLs (complemented by EBA Report on the dynamics and drivers of non-performing exposures in the European Union banking sector dated 22 July 2016). In 2014, CAs carried out comprehensive assessment and a stress test. EBA's Implementing Technical Standards ("ITS") on forbearance and NPEs, issued under Commission Implementing Regulation (EU) 2015/227, of 9 January 2015, aim at implementing uniform definitions and reporting requirements for forbearance and NPEs. The ECB has issued in March 2017 Guidance on SSM bank's on NPLs supplemented a year later by an addendum specifying ECB's expectations for prudent levels of provisions for new NPLs.

In July 2017, the European Council concluded an Action Plan to achieve a sustainable reduction of NPEs in credit institutions' balance sheets. On 31 October 2018, the EBA published the final guidance on management of non-performing and forborne exposures. These guidelines specify sound risk management practices for credit institutions in their management of NPEs and forborne exposures, including requirements on NPE reduction strategies, governance and operations of NPE workout framework, internal control framework and monitoring.

The regulation amending the CRR to introduce common minimum coverage levels for potential losses stemming from newly originated loans that become nonperforming has been published in Official Journal on 17 April 2019 (Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) no 575/2013). This regulation establishes a requirement for credit institutions to build their loan loss reserve up to common minimum levels to cover the incurred and expected losses on newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (**CET1**). The new rules should not be applied in relation to exposures originated prior to 26 April 2019. A proposal for a directive on credit servicers, credit purchasers and recovery of collateral was also included in the comprehensive package of measures to be tackled by the European Commission. The proposal strengthens the ability of secured creditors to recover value from secured loans to corporates and entrepreneurs. The review by the Parliament and Council's Working Party is ongoing.

All in all, the legal and regulatory framework regarding NPLs and NPEs creates an assortment of obligations for credit institutions and sets forth protection measures for bank customers, including, procedures for gathering information, contacting customers, monitoring the execution of loan agreements and managing default risk situations; the duty to assess the financial capacity of bank customers and present default correction proposals adapted to the debtor's situation; and drawing up a plan for restructuring debts emerging from home loans or replacing mortgage foreclosures that in some cases of extra-judicial procedures may restrict the Bank's options to (i) terminate the relevant agreements; (ii) initiate judicial proceedings against the debtor; (iii) assign its credits over the client; or (iv) transfer its contractual position to a third party.

Furthermore, as the macroprudential authority for Portugal, Banco de Portugal has approved a recommendation introducing limits to some of the criteria used in the assessment of customers' creditworthiness, covering the granting of new credit relating to residential immovable property, credit secured by a mortgage or equivalent guarantee, and consumer credit agreements, to be applied to agreements concluded as of 1 July 2018. Measures of similar nature are also in place in Poland. In September 2017, the regulatory notice ("*Aviso*") No. 4/2017 of Banco de Portugal, which entered into force on 1 January 2018, established procedures and criteria for banks for assessing customer's financial capacity before granting mortgage loans.

On 31 January 2020, Banco de Portugal announced the amendment to the macroprudential recommendation on new credit agreements for consumers: (i) the maximum maturity of new personal credit operations decreases from 10 to 7 years, with some exceptions (ii) up to 10% of the total amount of new credit granted by each institution may have a DSTI (debt service-to-income) of up to 60%, continuing to allow institutions to consider other important aspects for assessing the borrowers' creditworthiness that are risk mitigating factors. The 5% exception to the DSTI ratio limits will be maintained.

## DESCRIPTION OF THE BUSINESS OF THE GROUP

Following the COVID-19 pandemic, Banco de Portugal has relaxed some of the macroprudential measures for consumer credit. Banco de Portugal has decided that personal credit with maturities of up to two years and duly identified as intended to mitigate households' temporary liquidity shortage situations will no longer have to comply with a DSTI ratio limit and is also exempted from observing the recommendation of regular principal and interest payments. This measure applies to new personal credit granted from 1 April 2020 until September 2020, date on which Banco de Portugal will reassess the adequacy of this change.

### *Relief measures regarding asset quality deterioration and non-performing loans*

Under the Decree-Law No. 10-J/2020, of 26 March 2020, the Portuguese government approved a six-month moratorium on bank loan repayments for households and companies affected by the COVID-19 outbreak. The Portuguese Government also launched state-guaranteed credit lines for medium, small and micro enterprises in affected sectors which will be operated through the banking system.

In this context, the ECB decided to temporarily exercise flexibility in the classification requirements and expectations on loss provisioning for NPL that are covered by public guarantees and COVID-19 related public moratoria.

In particular, and on a temporary basis, supervisors will exercise flexibility regarding: (i) the classification of debtors as "unlikely to pay" when banks call on public guarantees granted in the context of coronavirus and (ii) loans under COVID-19 related public moratoria. Furthermore, loans which become non-performing and are under public guarantees will benefit from preferential prudential treatment in terms of supervisory expectations about loss provisioning. Lastly, when discussing with banks the implementation of NPL reduction strategies, the extraordinary nature of current market conditions will be taken into account.

In addition, excessive volatility of loan loss provisioning should be addressed to avoid excessive procyclicality of regulatory capital and published financial statements. Within its prudential remit, the ECB recommends that all banks avoid procyclical assumptions in their models to determine provisions and for banks to opt for the IFRS 9 transitional rules.

On 2 April 2020, the EBA issued guidelines (EBA/GL/2020/02) on public and private payment moratoria on loan repayments applied before 30 June 2020, aiming to clarify the following points in the context of the COVID-19 pandemic: (i) the criteria that payment moratoria have to fulfil not to trigger forbearance classification, (ii) the application of the prudential requirements in the context of these moratoria and (iii) ensuring the consistent treatment of such measures in the calculation of own funds requirements.

In this context, these guidelines clarify that payment moratoria do not trigger classification as forbearance or distressed restructuring if the measures taken are based on the applicable national law or on an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions. In addition, the Guidelines recall that institutions must continue to adequately identify those situations where borrowers may face longer-term financial difficulties and classify exposures in accordance with the existing regulation. The requirements for identification of forborne exposures and defaulted obligors remain in place.

### *Insurance business*

Directive (EU) 2016/97, as amended (the "**Insurance Distribution Directive**") regulates the way insurance products are designed and sold both by insurance intermediaries and directly by insurance undertakings, namely in the cases of insurance products that have an investment element such as unit-linked life insurance contracts. The Insurance Distribution Directive was transposed into national law by Law No. 7/2019, of 16 January, and has entered into force in October 2018. Similar in nature provisions are also embedded in the PRIIPs Regulation (Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014, as amended) and implementing national provisions which entered into force in 2018. At a different level, the Solvency II in force (as amended) and IFRS 17 to be applied from 2020 onwards, introduce additional requirements for insurance companies in terms of minimum capital requirements, supervisory review of firms' assessment of risk and enhanced disclosure requirements. All these may affect the insurance business and associated earnings. Further regulatory developments are expected in the forthcoming years, such as the review of capital requirements, long term guarantees and macroprudential tools.

## DESCRIPTION OF THE BUSINESS OF THE GROUP

### Management, Audit Committee and Statutory Auditor

On 28 February 2012, the Bank adopted a one-tiered corporate governance model, with one Board of Directors within which there is an Executive Committee, an Audit Committee, a Remunerations and Welfare Board and a Board for International Strategy, plus a Statutory Auditor.

#### *Board of Directors*

According to the articles of association of the Bank, the Board of Directors is composed of a minimum of 15 and a maximum of 19 members, elected by the General Meeting of Shareholders.

The General Meeting of Shareholders held on 30 May 2018 approved the election of the Board of Directors for the 2018/2021 term of office, including the Audit Committee.

On 22 May 2019, the General Meeting of Shareholders ratified the co-optation of one director for the exercise of functions in the term-of-office ending in 2021, filling in a member vacancy in the Audit Committee.

Currently, following persons exercise functions as members of the Board of Directors of BCP:

Chairman:.....	Nuno Manuel da Silva Amado
Vice-Chairmen:.....	Jorge Manuel Baptista Magalhães Correia Valter Rui Dias de Barros Miguel Maya Dias Pinheiro
Members: .....	Ana Paula Alcobia Gray  Cidália Maria Mota Lopes  João Nuno de Oliveira Jorge Palma  José Manuel Alves Elias da Costa  José Miguel Bensliman Schorcht da Silva Pessanha  Lingjiang Xu  Maria José Henriques Barreto de Matos de Campos  Miguel de Campos Pereira de Bragança  Rui Manuel da Silva Teixeira  Teófilo César Ferreira da Fonseca  Wan Sin Long  XiaoXu Gu  Fernando da Costa Lima

Positions held outside the Group by the abovementioned members of the Board of Directors that are relevant to the Group:

<u>Name</u>	<u>Position</u>	<u>Company</u>
<b>Nuno Manuel da Silva Amado</b>	Member of the Supervisory Board  Member of the Board of Auditors Effective member of the Plenary Member of the Senior Board	EDP-Energias de Portugal, S.A. (in representation of BCP) Fundação Bial Universidade de Lisboa Alumni Clube ISCTE
<b>Cidália Maria Mota Lopes</b>	Professor and Member of the Scientific Board	Coimbra Business School - Instituto Superior de Contabilidade e Administração de Coimbra (ISCAC) on tax issues

DESCRIPTION OF THE BUSINESS OF THE GROUP

Name	Position	Company
	Invited Professor at the Masters Degree in Accounting and Finance Member of the Scientific Board	School of Economics of the University of Coimbra Portuguese Fiscal Association (AFP)
<b>Jorge Manuel Baptista Magalhães Correia</b>	Chairman of the Board of Directors  Member of the Board of Directors  Vice-Chairman of the Board of Directors and Chairman of the Executive Committee	Luz Saúde, S.A.  REN- Redes Eléctricas Nacionais, SGPS, S.A.  Fidelidade Companhia de Seguros, S.A
<b>José Miguel Bensliman Schorcht da Silva Pessanha</b>	Chairman of the Audit Board  Vice-Chairman of the Board of Directors and Chairman of the Audit Board  Vice-Chairman of the Board of Directors and Chairman of the Audit Committee	Millenniumbcp Ageas Grupo Segurador, SGPS, S.A. Occidental – Companhia Portuguesa de Seguros de Vida, S.A. Ageas – Sociedade Gestora de Fundos de Pensões, S.A. (formerly denominated Ocidental - Sociedade Gestora de Fundos de Pensões, S.A.)
<b>Lingjiang Xu</b>	Chairman of the Board of Directors Member of the Board of Directors	Longrun Portugal, SGPS, S.A. Fidelidade – Companhia de Seguros, S.A.
<b>Miguel de Campos Pereira de Bragança</b>	Manager  Non-executive Member of the Board	Quinta das Almoínhas Velhas-Imobiliária Lda.  SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A. (in representation of BCP)
<b>Miguel Maya Dias Pinheiro</b>	Non-executive Member of Board  Member of the Senior Board Member of the Advisory Board	Unicre- Instituição Financeira de Crédito, S.A. (in representation of BCP) Alumni Clube ISCTE INDEG/ISCTE Executive Education
<b>Rui Manuel da Silva Teixeira</b>	Member of the advisory Board  Member of the Remunerations Committee  Member of the Remunerations Committee  Chairman of the Board	BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável, (in representation of the Bank)  UNICRE – Instituição Financeira de Crédito, S.A. (in representation of BCP)  SIBS, SGPS, S.A., and SIBS Forward Payment Solutions, S.A. (in representation of BCP)  Porto Business School.
<b>Valter Rui Dias de Barros</b>	Chairman of the Board of Directors	Recredit - Gestão de Activos, S.A. (Angola)
<b>XiaoXu Gu (Julia Gu)</b>	Senior Management  Chairman  Member of the Board of Directors	Fosun High Technology (Group) Co., Ltd.  Zhangxingbao (Shanghai) Network Technology Co., Ltd. (subsidiary of Fosun)  MYBank
<b>Fernando da Costa Lima</b>	Non-executive Director Non-executive Director Adviser	Netinvoice, S.A. Euronext Lisbon Comissão do Mercado de Capitais (CMC), Luanda, Angola

To the best of the Issuer's knowledge, none of the abovementioned members of the Board of Directors of the Bank has any external activity relevant for the Bank other than the ones listed above.

## DESCRIPTION OF THE BUSINESS OF THE GROUP

For all the purposes resulting from the functions of the members of the Board of Directors, their professional domicile is at Av. Prof. Dr. Cavaco Silva (Parque das Tecnologias), Edifício 1, no. 32, Piso 2, 2744-256 Porto Salvo.

### *Executive Committee*

Under the terms of the law and of the Articles of Association of the Bank, the Board of Directors appointed an Executive Committee on 24 July 2018, composed of six of its members, which performs all the Bank's current management functions that are not to be exercised by the Board of Directors. The members of the Executive Committee are as follows:

Chairman:.....	Miguel Maya Dias Pinheiro
First Vice-Chairman:.....	Miguel de Campos Pereira de Bragança
Second Vice-Chairman:.....	João Nuno de Oliveira Jorge Palma
Members: .....	José Miguel Bensliman Schorcht da Silva Pessanha Maria José Henriques Barreto de Matos de Campos Rui Manuel da Silva Teixeira

### *Audit Committee*

Under the terms of the articles of association of the Bank, the Bank's supervision pertains to an Audit Committee elected by the General Meeting of Shareholders and composed of a minimum of three and a maximum of five members.

The Audit Committee, created in accordance with the provisions of number 1 of Article 278 of the Portuguese Companies Code and in accordance with Article 39 of the articles of association of the Bank, is particularly responsible for (amid the remaining powers attributed to it by law):

- (a) Monitoring the Bank's management;
- (b) Verifying the compliance with the law and the articles of association;
- (c) Verifying the regularity of the books, accounting records and documents supporting them;
- (d) Verifying the accuracy of the financial statements;
- (e) Supervising the efficiency of the risk management system, the internal control system and the internal audit system;
- (f) Receiving the communications stating irregularities reported by shareholders, employees of the Bank or others;
- (g) Monitoring the preparation and disclosure of financial information;
- (h) Proposing to the General Meeting of Shareholders the election of the Chartered Accountant and of the External Auditor;
- (i) Supervising the audit of the annual report and financial statements of the Bank;
- (j) Verify the Statutory Auditor's independence, namely regarding the rendering of non-audit services;
- (k) Engaging the provision of services by experts to assist one or several of its members in the exercise of their functions. This engagement and the remuneration of the experts must take into account the importance of the issues committed to them and the Bank's economic situation; and
- (l) Complying with all the other duties attributed to it by the law or by the Articles of Association.

The Audit Committee is composed of the following members:

Members: .....	Cidália Maria Mota Lopes Valter Rui Dias de Barros Wan Sin Long Fernando da Costa Lima
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## DESCRIPTION OF THE BUSINESS OF THE GROUP

### *Statements regarding the Members of Management and Supervision Bodies*

To the best of the Issuer's knowledge and in its understanding, having made enquiries, there are no potential conflicts of interests between the duties of any member of the management and supervision bodies identified above towards the Issuer or towards any other Group company and his/her personal interests and duties. There are non-executive members of the Board of Directors with functions in other financial institutions that can be considered competitors of the Bank. For this situation, the General Meeting of Shareholders held on 28 February 2012 resolved to authorise the presence of those members in the Board of Directors, which was also authorised in the General Meeting of Shareholders held on 11 May 2015, and the General Meeting of Shareholders held on 30 May 2018, where the majority of the current members of the Board of Directors were elected, with the mention of the adoption of a restrictive regime of access to sensitive information.

### *Statutory Auditor*

The current Statutory Auditor and External Auditor of the Bank, Deloitte & Associados SROC, S.A., and alternatively Jorge Carlos Batalha Duarte Catulo, ROC No. 992, were elected at the General Meeting of Shareholders held on 22 May 2019, for the two year term of office 2019/2020, by a majority of 99.9283% and 99.8834% of the votes cast, respectively.

The term of office of the Statutory Auditor and External Auditor began on 5 May 2016, after the first quarter's financial statements were presented to the Board of Directors.

There are no potential conflicts of interest between the duties to the Bank of the persons listed above and their private interest or duties.



## SUMMARY FINANCIAL INFORMATION

The financial information set out below has been derived from the audited consolidated financial statements of the Bank as at, and for the years ended on, 31 December 2018 and 31 December 2019 and the unaudited and un-reviewed consolidated financial statements of the Bank as at and for the three months period ended on 31 March 2020. The consolidated financial statements of the Bank were prepared in accordance with IFRS, as endorsed by the European Union. Such financial information should be read together with, and is qualified in its entirety by reference to, the Bank's annual reports and audited financial statements as at, and for the years ended on, 31 December 2018 and 31 December 2019 and the unaudited and un-reviewed interim report and financial statements as at, and for the three month period ended on 31 March 2020. The financial statements for the year ended on 31 December 2018 have been approved by the General Meeting of Shareholders on 22 May 2019 and the financial statements for the year ended on 31 December 2019 have been approved by the General Meeting of Shareholders on 20 May 2020.

**Interim Condensed Consolidated Income Statements  
for the three month period ended 31 March 2020 and 2019**

(Unaudited)

(Amounts expressed in thousands of EUR)

	<u>31 March 2020</u>	<u>31 March 2019</u>
Interest and similar income .....	500,427	471,995
Interest expense and similar charges .....	(114,958)	(109,286)
<b>NET INTEREST INCOME</b> .....	<b><u>385,469</u></b>	<b><u>362,709</u></b>
Dividends from equity instruments .....	56	46
Net fees and commissions income .....	179,827	166,610
Net gains / (losses) from financial operations at fair value through profit or loss .....	(5,979)	8,659
Net gains / (losses) from foreign exchange .....	65,020	17,386
Net gains / (losses) from hedge accounting operations .....	(3,711)	(7,122)
Net gains / (losses) from derecognition of financial assets and liabilities at amortised cost .....	(14,367)	(5,764)
Net gains / (losses) from derecognition of financial assets at fair value through other comprehensive income .....	20,428	47,149
Net gains / (losses) from insurance activity .....	3,207	2,739
Other operating income / (losses) .....	(38,473)	(29,537)
<b>TOTAL OPERATING INCOME</b> .....	<b><u>591,477</u></b>	<b><u>562,875</u></b>
Staff costs .....	164,671	152,227
Other administrative costs .....	86,904	80,477
Amortisations and depreciations .....	34,785	26,829
<b>TOTAL OPERATING EXPENSES</b> .....	<b><u>286,360</u></b>	<b><u>259,533</u></b>
<b>NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS</b> .....	<b>305,117</b>	<b>303,342</b>
Impairment for financial assets at amortised cost .....	(86,892)	(86,908)
Impairment for financial assets at fair value through other comprehensive income .....	735	(486)
Impairment for other assets .....	(11,369)	(20,569)
Other provisions .....	(104,297)	4,024
<b>NET OPERATING INCOME</b> .....	<b><u>103,294</u></b>	<b><u>199,403</u></b>
Share of profit of associates under the equity method .....	10,793	18,628
Gains / (losses) arising from sales of subsidiaries and other assets .....	(4,463)	16,166
<b>NET INCOME BEFORE INCOME TAXES</b> .....	<b><u>109,624</u></b>	<b><u>234,197</u></b>
Income taxes		
Current .....	(26,964)	(31,160)
Deferred .....	(38,674)	(34,289)
<b>NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS</b> .....	<b><u>43,986</u></b>	<b><u>168,748</u></b>
Income arising from discontinued or discontinuing operations .....	-	13,454
<b>NET INCOME AFTER INCOME TAXES</b> .....	<b><u>43,986</u></b>	<b><u>182,202</u></b>
Net income for the year attributable to:		
Bank's Shareholders .....	35,299	153,843

SUMMARY FINANCIAL INFORMATION

Non-controlling interests.....	8,687	28,359
<b>Net Income For The Period</b> .....	<b>43,986</b>	<b>182,202</b>
Earnings per share (in Euros)		
Basic .....	0.007	0.042
Diluted .....	0.007	0.042

Consolidated Income Statements for the years ended 31 December 2019 and 2018

(Audited)

(Amounts expressed in thousands of EUR)

	2019	2018
Interest and similar income .....	1,991,445	1,889,739
Interest expense and similar charges .....	(442,917)	(466,108)
<b>NET INTEREST INCOME</b> .....	<b>1,548,528</b>	<b>1,423,631</b>
Dividends from equity instruments .....	798	636
Net fees and commissions income.....	703,497	684,019
Net gains / (losses) from financial operations at fair value through profit or loss.....	4,837	1,400
Net gains / (losses) from foreign exchange.....	69,391	75,355
Net gains / (losses) from hedge accounting operations.....	(5,682)	2,552
Net gains / (losses) from derecognition of financial assets and liabilities at amortised cost .....	(24,909)	(50,194)
Net gains / (losses) from derecognition of financial assets at fair value through other comprehensive income.....	99,676	49,435
Net gains / (losses) from insurance activity.....	11,752	8,477
Other operating income / (losses).....	(144,400)	(135,878)
<b>TOTAL OPERATING INCOME</b> .....	<b>2,263,488</b>	<b>2,059,433</b>
Staff costs.....	668,232	592,792
Other administrative costs.....	376,455	376,676
Amortisations and depreciations .....	124,785	57,745
<b>TOTAL OPERATING EXPENSES</b> .....	<b>1,169,472</b>	<b>1,027,213</b>
<b>NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS</b> .....	<b>1,094,016</b>	<b>1,032,220</b>
Impairment for financial assets at amortised cost.....	(390,308)	(465,468)
Impairment for financial assets at fair value through other comprehensive income.....	2,180	1,092
Impairment for other assets .....	(96,034)	(79,037)
Other provisions.....	(57,484)	(57,689)
<b>NET OPERATING INCOME</b> .....	<b>552,370</b>	<b>431,118</b>
Share of profit of associates under the equity method .....	42,989	89,175
Gains / (losses) arising from sales of subsidiaries and other assets.....	31,907	37,916
<b>NET INCOME BEFORE INCOME TAXES</b> .....	<b>627,266</b>	<b>558,209</b>
Income taxes		
Current .....	(100,908)	(105,559)
Deferred .....	(138,370)	(32,458)
<b>NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS</b> .....	<b>387,988</b>	<b>420,192</b>
Income arising from discontinued or discontinuing operations .....	13,412	(1,318)
<b>NET INCOME AFTER INCOME TAXES</b> .....	<b>401,400</b>	<b>418,874</b>
Net income for the year attributable to: .....		
Bank's Shareholders .....	302,003	301,065
Non-controlling interests.....	99,397	117,809
<b>NET INCOME FOR THE YEAR</b> .....	<b>401,400</b>	<b>418,874</b>
Earnings per share (in Euros)		
Basic .....	0.018	0.020
Diluted .....	0.018	0.020

## SUMMARY FINANCIAL INFORMATION

## Consolidated Balance Sheet as at 31 March 2020 and 2019

(Unaudited)

(Amounts expressed in thousands of EUR)

	31 March 2020	31 March 2019
<b>ASSETS</b>		
Cash and deposits at Central Banks.....	3,334,825	5,166,551
Loans and advances to credit institutions repayable on demand.....	262,966	320,857
Financial assets at amortised cost:		
Loans and advances to credit institutions.....	1,437,612	892,995
Loans and advances to customers.....	49,624,058	49,847,829
Debt securities.....	6,064,913	3,185,876
Financial assets at fair value through profit or loss:		
Financial assets held for trading.....	2,393,493	878,334
Financial assets not held for trading mandatorily at fair value through profit or loss.....	1,361,453	1,405,513
Financial assets designated at fair value through profit or loss.....	31,454	31,496
Financial assets at fair value through other comprehensive income.....	10,381,491	13,216,701
Hedging derivatives.....	100,306	45,141
Investments in associated companies.....	406,046	400,391
Non-current assets held for sale.....	1,248,079	1,279,841
Investment property.....	13,268	13,291
Other tangible assets.....	694,827	729,442
Goodwill and intangible assets.....	224,393	242,630
Current tax assets.....	29,778	26,738
Deferred tax assets.....	2,682,502	2,720,648
Other assets.....	1,207,640	1,239,134
<b>TOTAL ASSETS</b> .....	<b>81,499,104</b>	<b>81,643,408</b>
<b>LIABILITIES</b>		
Financial liabilities at amortised cost:		
Resources from credit institutions.....	6,718,840	6,366,958
Resources from customers.....	59,397,831	59,127,005
Non subordinated debt securities issued.....	1,554,247	1,594,724
Subordinated debt.....	1,516,864	1,577,706
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading.....	340,476	343,933
Financial liabilities at fair value through profit or loss.....	2,659,135	3,201,309
Hedging derivatives.....	366,202	229,923
Provisions.....	389,189	345,312
Current tax liabilities.....	9,527	21,990
Deferred tax liabilities.....	9,534	11,069
Other liabilities.....	1,287,920	1,442,225
<b>TOTAL LIABILITIES</b> .....	<b>74,249,765</b>	<b>74,262,154</b>
<b>EQUITY</b>		
Share capital.....	4,725,000	4,725,000
Share premium.....	16,471	16,471
Other equity instruments.....	400,000	2,922
Legal and statutory reserves.....	240,535	240,535
Treasury shares.....	(67)	(102)
Reserves and retained earnings.....	638,155	435,823
Net income for the year attributable to Bank's Shareholders.....	35,299	302,003
<b>TOTAL EQUITY ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS</b> .....	<b>6,055,393</b>	<b>6,119,730</b>
Non-controlling interests.....	1,193,946	1,261,524
<b>TOTAL EQUITY</b> .....	<b>7,249,339</b>	<b>7,381,254</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>81,499,104</b>	<b>81,643,408</b>

## SUMMARY FINANCIAL INFORMATION

## Consolidated Balance Sheet as at 31 December 2019 and 2018

(Audited)

(Amounts expressed in thousands of EUR)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and deposits at Central Banks.....	5,166,551	2,753,839
Loans and advances to credit institutions repayable on demand.....	320,857	326,707
Financial assets at amortised cost:		
Loans and advances to credit institutions.....	892,995	890,033
Loans and advances to customers.....	49,847,829	45,560,926
Debt securities.....	3,185,876	3,375,014
Financial assets at fair value through profit or loss:		
Financial assets held for trading.....	878,334	870,454
Financial assets not held for trading mandatorily at fair value through profit or loss.....	1,405,513	1,404,684
Financial assets designated at fair value through profit or loss.....	31,496	33,034
Financial assets at fair value through other comprehensive income.....	13,216,701	13,845,625
Assets with repurchase agreement.....	-	58,252
Hedging derivatives.....	45,141	123,054
Investments in associated companies.....	400,391	405,082
Non-current assets held for sale.....	1,279,841	1,868,458
Investment property.....	13,291	11,058
Other tangible assets.....	729,442	461,276
Goodwill and intangible assets.....	242,630	174,395
Current tax assets.....	26,738	32,712
Deferred tax assets.....	2,720,648	2,916,630
Other assets.....	1,239,134	811,816
<b>TOTAL ASSETS.....</b>	<b><u>81,643,408</u></b>	<b><u>75,923,049</u></b>
<b>LIABILITIES</b>		
Financial liabilities at amortised cost:		
Resources from credit institutions.....	6,366,958	7,752,796
Resources from customers.....	59,127,005	52,664,687
Non subordinated debt securities issued.....	1,594,724	1,686,087
Subordinated debt.....	1,577,706	1,072,105
Financial liabilities at fair value through profit or loss:		
Financial liabilities held for trading.....	343,933	327,008
Financial liabilities at fair value through profit or loss.....	3,201,309	3,603,647
Hedging derivatives.....	229,923	177,900
Provisions.....	345,312	350,832
Current tax liabilities.....	21,990	18,547
Deferred tax liabilities.....	11,069	5,460
Other liabilities.....	1,442,225	1,300,074
<b>TOTAL LIABILITIES.....</b>	<b><u>74,262,154</u></b>	<b><u>68,959,143</u></b>
<b>EQUITY</b>		
Share capital.....	4,725,000	4,725,000
Share premium.....	16,471	16,471
Other equity instruments.....	400,000	2,922
Legal and statutory reserves.....	240,535	264,608
Treasury shares.....	(102)	(74)
Reserves and retained earnings.....	435,823	470,481
Net income for the year attributable to Bank's Shareholders.....	302,003	301,065
<b>TOTAL EQUITY ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS.....</b>	<b><u>6,119,730</u></b>	<b><u>5,780,473</u></b>
Non-controlling interests.....	1,261,524	1,183,433
<b>TOTAL EQUITY.....</b>	<b><u>7,381,254</u></b>	<b><u>6,963,906</u></b>
<b>TOTAL LIABILITIES AND EQUITY.....</b>	<b><u>81,643,408</u></b>	<b><u>75,923,049</u></b>

## SUMMARY FINANCIAL INFORMATION

## Consolidated Statements of Cash Flows for the years ended 31 December 2019 and 2018

(Audited)

(Amounts expressed in thousands of EUR)

	2019	2018
<b>CASH FLOWS ARISING FROM OPERATING ACTIVITIES</b>		
Interests received.....	1,743,234	1,652,260
Commissions received.....	899,938	880,287
Fees received from services rendered.....	100,315	48,866
Interests paid.....	(426,571)	(461,280)
Commissions paid.....	(171,815)	(140,956)
Recoveries on loans previously written off.....	24,269	13,210
Net earned insurance premiums.....	17,418	17,698
Claims incurred of insurance activity.....	(6,591)	(5,393)
Payments (cash) to suppliers and employees (*).....	(1,248,720)	(1,158,346)
Income taxes (paid) / received.....	(61,027)	(67,569)
	<b>870,450</b>	<b>778,777</b>
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions.....	(2,626)	121,768
Deposits held with purpose of monetary control.....	-	50,114
Loans and advances to customers receivable / (granted).....	(1,901,159)	(1,254,603)
Short term trading securities.....	165,922	(93,688)
Increase / (decrease) in operating liabilities:		
Loans and advances to credit institutions repayable on demand.....	(108,587)	111,842
Deposits from credit institutions with agreed maturity date.....	(2,154,270)	175,304
Loans and advances to customers repayable on demand.....	5,444,107	5,144,519
Deposits from customers with agreed maturity date.....	(1,784,092)	(1,051,734)
	<b>529,745</b>	<b>3,982,299</b>
<b>CASH FLOWS ARISING FROM INVESTING ACTIVITIES</b>		
Sale of investments held in associated companies.....	13	98,000
Acquisition of investments in subsidiaries (**)	(348,997)	-
Dividends received.....	11,003	67,213
Interest income from financial assets at fair value through other comprehensive income and at amortised cost.....	291,339	311,001
Sale of financial assets at fair value through other comprehensive income and at amortised cost.....	19,886,088	5,725,095
Acquisition of financial assets at fair value through other comprehensive income and at amortised cost.....	(50,627,555)	(56,020,038)
Maturity of financial assets at fair value through other comprehensive income and at amortised cost.....	32,096,533	46,049,277
Acquisition of tangible and intangible assets.....	(105,715)	(88,560)
Sale of tangible and intangible assets.....	14,475	39,507
Decrease / (increase) in other sundry assets.....	(231,448)	703,905
	<b>985,736</b>	<b>(3,114,600)</b>
<b>CASH FLOWS ARISING FROM FINANCING ACTIVITIES</b>		
Sale of shares in subsidiaries companies which does not results loss control.....	-	(1,400)
Issuance of subordinated debt.....	647,216	192
Reimbursement of subordinated debt.....	(129,536)	(96,181)
Issuance of debt securities.....	545,825	447,007
Reimbursement of debt securities.....	(310,448)	(640,376)
Issuance of commercial paper and other securities.....	238,839	23,204
Reimbursement of commercial paper and other securities.....	(171,641)	(108,930)
Issue of Perpetual Subordinated Bonds (Additional Tier 1).....	396,325	-
Reimbursed of perpetual subordinated debt securities.....	(2,922)	-
Dividends paid to shareholders of the Bank.....	(30,228)	-
Dividends paid of perpetual subordinated debt securities.....	(148)	(149)
Dividends paid to non-controlling interests.....	(15,502)	(9,088)
Interest paid of the issue of Perpetual Subordinated Bonds (Additional Tier 1).....	(27,750)	-
Increase / (decrease) in other sundry liabilities and non-controlling interests (***).....	(224,200)	266,447
	<b>915,830</b>	<b>(119,274)</b>
Exchange differences effect on cash and equivalents.....	(24,449)	(131,345)
Net changes in cash and equivalents.....	2,406,862	617,080
Cash.....	566,202	540,608
Deposits at Central Banks.....	2,187,637	1,627,326

SUMMARY FINANCIAL INFORMATION

	<u>2019</u>	<u>2018</u>
Loans and advances to credit institutions repayable on demand.....	326,707	295,532
<b>CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR.....</b>	<b><u>3,080,546</u></b>	<b><u>2,463,466</u></b>
Cash .....	636,048	566,202
Deposits at Central Banks .....	4,530,503	2,187,637
Loans and advances to credit institutions repayable on demand.....	<u>320,857</u>	<u>326,707</u>
<b>CASH AND EQUIVALENTS AT THE END OF THE YEAR.....</b>	<b><u>5,487,408</u></b>	<b><u>3,080,546</u></b>

## EVOLUTION OF THE SOLVENCY RATIO IN 2019

According to BCP's interpretation of CRD IV and CRR to date, the CET1 estimated ratio as at 31 December 2019 stood at 12.2% both phased-in and fully implemented, consistent with the amounts presented at the same period of 2018 (12.1% phased-in and 12.0% fully implemented) and above the minimum required ratios under the SREP (Supervisory Review and Evaluation Process) for 2019 (CET1 9.625%, T1 11.125% and Total 13.125%).

The CET1 phased-in ratio performance during 2019 mainly reflects:

- the phased-in progression along with the application of the 2019 SREP result, determined an increase of EUR 47 million in CET1 and EUR 53 million in risk weighted assets (+10 basis points in CET1 phased-in ratio);
- the IFRS16 adoption originated EUR 256 million euros of increase in risk weighted assets (-7 basis points in CET1 phase-in ratio);
- the acquisition of Eurobank by Bank Millennium in Poland, that took place in May 2019, determined an increase of EUR 32 million in CET1 and of EUR 2,067 million in risk weighted assets (-49 basis points in CET1 phase-in ratio);
- the pension fund's responsibilities discount rate reduction, as a consequence of the interest rate decrease, although partially compensated by the fund's appreciation, led to a decrease of EUR 389 million in the CET1 and EUR 148 million in the risk weighted assets (-89 basis points in CET1 phase-in ratio).
- The T1 and Total ratio were also influenced, in 2019, by the following impacts:
- the issuance of perpetual subordinated notes qualified as Additional Tier 1, in January, in the amount of EUR 400 million (+96 basis points in both T1 and Total ratios phased-in);
- the issuance, also in January, by Bank Millennium in Poland of subordinated bonds qualified as Tier 2 capital instruments, amounting PLN 830 million (+10 basis points in Total ratio phased-in).

The organic generation of capital, including the positive net income of 2019, contributed significantly to the positive capital ratios performance in this period.

<b>SOLVABILITY RATIOS</b>				
<b>(Euro million)</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<i>Phased in</i>		<i>Fully implemented</i>	
<b>OWN FUNDS</b>				
Common Equity Tier 1 (CET1).....	5,508	5,047	5,496	5,024
Tier 1.....	6,012	5,121	6,000	5,102
<b>TOTAL CAPITAL</b> .....	<b>7,036</b>	<b>5,688</b>	<b>7,028</b>	<b>5,663</b>
<b>RISK WEIGHTED ASSETS</b> .....	<b>45,031</b>	<b>41,883</b>	<b>44,972</b>	<b>41,819</b>
<b>CAPITAL RATIOS (*)</b>				
CET1.....	12.2%	12.1%	12.2%	12.0%
Tier 1.....	13.4%	12.2%	13.3%	12.2%
Total.....	15.6%	13.6%	15.6%	13.5%

(\*) Includes the cumulative net income recorded in each period.

### Impact of the COVID-19 pandemic

On 12 March 2020, the ECB announced to the banks a set of measures to be adopted in order to guarantee the continue financing of households and corporations experiencing temporary difficulties, due to the economic effects of the COVID-19 pandemic that are felt worldwide.

The supervisory measures aim to support banks in serving the economy and addressing operational challenges, including the pressure on their staff.

## EVOLUTION OF THE SOLVENCY RATIO IN 2019

The capital buffers have been designed with a view to allowing banks to withstand stressed situations and since the European banking sector has built up a significant amount of these buffers, the ECB will allow banks to operate temporarily below the capital level defined by P2G and the capital conservation buffer.

Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the P2R. This brings forward a measure that was initially scheduled to come into effect in January 2021, as part of the latest revision of the CRD V.

Despite the above measures providing significant capital relief, the Bank does not currently have objective data to estimate the impacts of this crisis on its activity and capital levels.



## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. The tax laws of an investor's Member State and of the Issuer's Member State of incorporation might have an impact on the income received from the securities. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It should also be noted that there are differences in the tax treatment of different Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

**Portuguese Taxation**

**The following is a general summary of the Bank's understanding of current law and practice in Portugal as in effect on the date of this Base Prospectus in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. Potentially applicable transitional rules have not been considered. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of Notes. It neither takes into account nor discusses investors' individual circumstances or the tax laws of any country other than Portugal, and it relates only to the position of persons who are absolute beneficial owners of the Notes. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences of the purchase, ownership and disposal of Notes. Tax consequences may differ according to the provisions of different double taxation treaties, as well as according to a prospective investor's particular circumstances.**

The references to "interest", "other investment income" and "capital gains" in the paragraphs below means "interest", "other investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take into account different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law or which may be created by the Terms and Conditions or any related documentation.

Economic benefits derived from interest, accrued interest, amortisation or reimbursement premiums and other instances of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

Gains obtained with the repayment of Notes or of any other debt securities are qualified as capital gains for Portuguese tax purposes.

*Portuguese resident holders and non-resident holders with a Portuguese permanent establishment*

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to withholding tax at 28%, which, if such income is not earned as business or professional income, is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 48%. In the latter case, an additional income tax rate will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5% on the part of the taxable income up to EUR 250,000 and (ii) 5% on the remaining part (if any) of the taxable income exceeding EUR 250,000.

Gains obtained on the disposal or the refund of the Notes by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation on the (annual) positive difference between such gains and gains on other securities and losses in securities. Tax applies at 28%, which is the final tax on that income, unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 48%. In the latter case, an additional income tax rate will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5% on the part of the taxable income up to EUR 250,000 and (ii) 5% on the remaining part (if any) of the taxable income exceeding EUR 250,000.

Stamp tax at 10% applies to the acquisition through gift or inheritance of Notes by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse (or person living together as spouse), descendants and parents/grandparents.

## TAXATION

Interest or other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to Portuguese corporate tax at 21% or 17% on the first EUR 25,000 in the case of small and medium sized enterprises and may be subject to a municipal surcharge ("*derrama municipal*") of up to 1.5%. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of EUR 1,500,000 and up to EUR 7,500,000, and at 5% on taxable profits in excess of EUR 7,500,000 up to EUR 35,000,000, and at 9% on taxable profits in excess of EUR 35,000,000.

Withholding tax at 25% applies to interest and other investment income, which is deemed a payment on account of the final tax due. The withholding (and final) tax rate is 21% in the case of entities benefiting from a tax exemption under Articles 9 and 10 of the corporate tax code that does not apply to investment income.

Financial institutions, pension funds, retirement and/or education savings funds, venture capital funds, collective investment undertakings and some exempt entities, among other entities, are not subject to withholding tax.

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment is subject to Portuguese corporate tax at 21%, or 17% on the first EUR 25,000 in the case of small and medium-sized enterprises. A municipal surcharge ("*derrama municipal*") of up to 1.5% may also be due. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of EUR 1,500,000 and up to EUR 7,500,000, and at 5% on taxable profits in excess of EUR 7,500,000 up to EUR 35,000,000, and at 9% on taxable profits in excess of EUR 35,000,000.

There is no wealth nor estate tax in Portugal.

### *Non-resident holders without a Portuguese permanent establishment – General rules*

Interest and other types of investment income obtained by non-resident holders without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at 28% (individuals) or 25% (legal persons), which is the final tax on that income. The withholding tax rate is 35% in the case of individuals or legal persons domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial Order No. 150/2004, of 13 February 2004, as amended from time to time (hereafter "**Ministerial Order No. 150/2004**").

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under the tax treaties entered into by Portugal, the withholding tax rate may be reduced to 15, 12, 10 or 5%, depending on the applicable treaty and **provided that** the relevant formalities are met. These formalities include the certification, through a document issued by the competent tax authorities, of the residence of the beneficial owners of the interest and other investment income in the periods concerned, as well as the certification that they are subject to taxation. The reduction may apply at source or through the refund of the excess tax. The standard forms currently applicable for these purposes to be presented with the document issued by the competent tax authorities, were approved by Order ("*Despacho*") No. 4743-A/2008 (second series), as rectified on 29 February 2008, published in the Portuguese official gazette, second series, No. 43, of 29 February 2008, of the Portuguese Minister of Finance and may be available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

According to information provided by Euroclear and Clearstream, Luxembourg (the "ICSDs"), the ICSDs do not offer any tax relief to the holders of Notes (other than Book Entry Notes) issued by the Bank acting through its head office.

## TAXATION

Interest paid to an associated company of the Bank which is resident in the European Union is exempt from withholding tax.

For these purposes, an "**associated company of the Bank**" is:

- (i) a company which is subject to one of the taxes on profits listed in Article 3(a)(iii) of Council Directive 2003/49/EC without being exempt, which takes one of the forms listed in the Annex to that Directive, which is considered to be resident in a Member State of the European Union and is not, within the meaning of a double taxation convention on income concluded with a third state, considered to be resident for tax purposes outside the European Community; and
- (ii) which holds a minimum direct holding of 25% in capital of the Bank, or is directly held by the Bank in at least 25% or which is directly held in at least 25% by a company which also holds at least 25% of the capital of the Bank; and
- (iii) **provided that** the holding has been maintained for an uninterrupted period of at least two years. If the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of the Bank to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own benefit and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

Capital gains obtained on the disposal or the refund of the Notes by an individual non-resident in Portugal for tax purposes are subject to Portuguese capital gains taxation on the (annual) positive difference between such gains and gains on other securities and losses in securities. Tax applies at 28%. An exemption applies to non-resident individuals, unless they are resident in a country, territory or region included in Ministerial Order No. 150/2004. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

Gains obtained on the disposal or the refund of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is (a) more than 25% directly or indirectly, held by Portuguese resident entities or (b) if the holder is resident in a country, territory or region subject to a clearly more favourable tax regime included in Ministerial Order No. 150/2004. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

No stamp tax applies to the acquisition through gift and inheritance of Notes by an individual who is not domiciled in Portugal.

The acquisition of Notes through gift or inheritance by a non-resident legal person is subject to corporate tax at 25%. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

There is neither wealth nor estate tax in Portugal.

### *Notes held through a centralised control system*

The regime described above corresponds to the general tax treatment of investment income and capital gains on the Notes and to the acquisition through gift or inheritance of such Notes.

Nevertheless, pursuant to the Special Taxation Regime for Debt Securities approved by Decree-law No. 193/2005, of 7 November 2005, as amended from time to time (hereafter "**the special regime approved by Decree-Law No. 193/2005**"), investment income and gains on the disposal or the refund of debt securities issued by Portuguese resident entities, such as the Notes, may be exempt from Portuguese income tax, **provided that** the debt securities are integrated in a centralised system managed by Portuguese resident entities (such as the Central de Valores Mobiliários, managed by Interbolsa), by other European Union or EEA entities that manage international clearing systems (in the latter case if there is administrative co-operation for tax purposes with the relevant country which is equivalent to that in place within the European Union), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems and:

## TAXATION

- (i) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and
- (ii) the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese state, residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force or other non-resident entities which are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in Ministerial Order No. 150/2004.

The special regime approved by Decree-law No. 193/2005 sets out the detailed rules and procedures to be followed on the proof of non-residence by the holders of Notes to which it applies.

Under these rules, the direct register entity is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non residence by the holders of the Notes should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Notes), and, in the case of domestically cleared Notes, prior to the transfer of Notes, as the case may be.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

### (a) **Domestically Cleared Notes**

The beneficial owner of Notes must provide proof of non-residence in Portuguese territory substantially in the terms set forth below.

- (i) If a holder of Notes is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the holder of Notes, duly signed and authenticated or proof pursuant to sub-paragraph (iv) below;
- (ii) If the beneficial owner of Notes is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country or jurisdiction with which Portugal has entered into a double taxation treaty, and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration or by the tax authorities confirming the legal existence of the holder of Notes and its domicile; or (C) proof of non-residence, pursuant to the terms of sub-paragraph (iv) below;
- (iii) If the beneficial owner of Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation; or (B) proof of non-residence pursuant to the terms of sub-paragraph (d) below;
- (iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, or (B) a document issued by the relevant Portuguese consulate certifying residence abroad, or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in sub-paragraph (iv) above, in particular that the holder of Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until three months after the date on which the withholding tax would have been applied and will be valid for

## TAXATION

a 3-year period starting on the date such document is issued. The holder of Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying.

In what concerns the documents mentioned in sub-paragraphs (i) to (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption.

### (b) **Internationally Cleared Notes**

If the Notes are registered in an account with an international clearing system, prior to the relevant date for payment of any interest or the redemption date (for Zero Coupon Notes), the entity managing such system is to provide to the direct register entity or its representative the identification and number of securities, as well as the income and, when applicable, the tax withheld, itemised by type of beneficial owner, as follows:

- (i) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are not exempt from tax and are subject to withholding tax;
- (ii) Entities domiciled in a country, territory or region subject to a clearly more favourable tax regime included in Ministerial Order No. 150/2004 which are not exempt from tax and are subject to withholding tax;
- (iii) Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are exempt from tax and are not subject to withholding tax;
- (iv) Other non-Portuguese resident entities.

In addition, the international clearing system managing entity is to provide to the direct register entity in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in items (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law No. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by Decree-Law No. 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within six months from the date the withholding took place.

The refund of withholding tax, in other circumstances or after the above 6 months period is to be claimed to the Portuguese Tax Authorities within 2 years from the end of the year in which tax was withheld. The refund is to be made within 3 months, after which interest is due.

The forms currently applicable for the above purposes were approved by Order ("*Despacho*") No. 2937/2014 of the Portuguese Secretary of State for Tax Affairs, published in the Portuguese official gazette, second series, No. 37, of 21 February 2014 and may be available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

### **United Kingdom Taxation**

*The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding, or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

## TAXATION

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

The Issuer will be entitled to make payments of interest on the Notes without deduction of or withholding on account of United Kingdom income tax provided that:

- (a) the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 ("ITA 2007"); and
- (b) the interest on the Notes is and continues to be paid in the ordinary course of the Issuer's business within the meaning of section 878 ITA 2007.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. Provided, therefore, that the Notes carry a right to interest and are and remain listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### Irish Taxation

*The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners of Ireland currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.*

#### (a) Withholding Tax

In general, tax at the standard rate of income tax (currently 20%), is required to be withheld from payments of Irish source income. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

- The Issuer is resident in Ireland for tax purposes; or
- the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (A) the Issuer is not and will not be resident in Ireland for tax purposes; (B) the Issuer will not have a branch or permanent establishment in Ireland; (C) that bearer Notes will not be physically located in Ireland; and (D) the Issuer will not maintain a register of any registered Notes in Ireland.

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In any event, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act 1997 of Ireland for certain interest bearing securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include Euronext Dublin).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (I) the person by or through whom the payment is made is not in Ireland; or
- (II) the payment is made by or through a person in Ireland, and either:
  - (1) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or
  - (2) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

### (b) Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax (and, in the case of individuals, the universal social charge) on such interest if (i) such interest has an Irish source (as discussed in "*Withholding Tax*" above), (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an individual in receipt of interest on the Notes) or (iii) the Notes are attributed to a branch or agency in Ireland.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory (a member state of the European Union (other than Ireland) or in a country with which Ireland has a comprehensive double taxation agreement) provided either (A) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, or (B) if the Notes are not or cease to be quoted Eurobonds exempt from withholding tax and the recipient of the interest is a company resident in a relevant territory that generally taxes foreign source interest.

Ireland operates a self-assessment system in respect of income and corporation tax and each person must assess its own liability to Irish tax.

### (c) Withholding of Irish Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20%), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

## Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to: (i) certain payments from sources within the United States, (ii) "**foreign passthru payments**" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

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FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payment to any ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisor to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment via the Interbolsa system and the Issuer therefore has no responsibility for any amount thereafter transmitted through Euroclear and Clearstream Luxembourg or Interbolsa and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) form payments they make. Prospective investors should refer to "*Taxation – Foreign Account Tax Compliance Act*".

Portugal signed an IGA with the United States on 6 August 2015 and has implemented through Law no. 82-B/2014, of 31 December 2014 (as amended), the legal framework based on the reciprocal exchange of information with the United States on financial accounts subject to disclosure. The IGA entered into force in 10 August 2016, and through Decree-Law No. 64/2016, of 11 October 2016, amended by Law No. 98/2017, of 24 August 2017 and Law No. 17/2019 of 14 February 2019, the Portuguese government approved the regulation required to comply with FATCA. Under this legislation, the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the US Internal Revenue Service. The exchange of information shall be made by 31 July of each year comprising the information gathered respecting the previous year.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

### *Hiring Incentives to Restore Employment Act*

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986, which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30 % U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, **provided that** the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) or (ii). The final U.S. Treasury regulations issued under Section 871(m) and applicable guidance (the "**Section 871(m) Regulations**") require withholding on certain non-U.S. holders of the Notes with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Note that has an expected economic return sufficiently similar to that of the underlying U.S. security, based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such Note a "**Specified Note**"). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Note or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Note. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Note, withholding generally will still be required even if the Specified Note does not provide for payments explicitly linked to dividends. Additionally, the Issuer may withhold the full 30 % tax on any payment on the Notes in respect of any dividend equivalent arising with respect to such Notes



## TAXATION

regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a non-U.S. holder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A non-U.S. holder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the U.S. Internal Revenue Service. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Notes issued on or after 1 January 2017. If the terms of a Note are subject to a "significant modification" (as defined for U.S. tax purposes) the Note generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Note is a Specified Note. Similarly, if additional Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Notes are Specified Notes as the date of such subsequent sale or issuance. Consequently, a previously out of scope Note, might be treated as a Specified Note following such modification or further issuance.

In addition, payments on the Specified Notes may be calculated by reference to dividends on underlying U.S. securities that are reinvested at a rate of 70 % In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 % of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

The applicable Issue Terms will indicate whether the Issuer has determined that the applicable Notes are Specified Notes and will specify contact details for obtaining additional information regarding the application of Section 871(m) to the Notes. If the Notes are Specified Notes, a non-U.S. holder of such Notes should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Notes. The Issuer's determination is binding on non-U.S. holders of the Notes, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Notes linked to U.S. securities and their application to a specific issue of Notes may be uncertain.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

### **The proposed financial transactions tax ("FTT")**

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

Currently, after the withdrawal of the Republic of Estonia as a Member State wishing to participate in the establishment of the enhanced cooperation, ten countries are participating in the negotiations on the proposed directive. At the working party meeting of 7 May 2019, participating Member States indicated that they were discussing the option of an FTT based on the French model of the tax, and the possible mutualisation of the revenues among the participating member states as a contribution to the EU budget.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **Administrative co-operation in the field of taxation**

Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014 (the Common Reporting Standard).

## TAXATION

Portugal has implemented Directive 2011/16/EU through Decree-Law No. 61/2013, of 10 May 2013, as amended by Decree-Law No. 64/2016, of 11 October 2016, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019.

The Council Directive 2014/107/EU, of 9 December 2014, regarding the mandatory automatic exchange of information in the field of taxation was also transposed into the Portuguese law through the Decree-Law No. 64/2016, of 11 October 2016, as amended, Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019. Under such law, the Issuer is required to collect information regarding certain accountholders and report such information to Portuguese tax authorities – which, in turn, will report such information to the relevant Tax Authorities of EU Member States or third States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard. Law No. 17/2019, of 14 February 2019 introduced the regime for the automatic exchange of financial information to be carried out by financial institutions to the Portuguese Tax Authority (until July 31, with reference to the previous year) with respect to accounts held by holders or beneficiaries resident in the Portuguese territory with a balance or value that exceeds EUR 50,000 (assessed at the end of each civil year). This regime covers information related to years 2018 and following years.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

In view of the regime enacted by Decree-Law No. 64/2016, of 11 October 2016, which was amended by Law No. 98/2017, of 24 August 2017, and Law No. 17/2019, of 14 February 2019, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order (*Portaria*) No. 302-B/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 282/2018, of 19 October 2018, Ministerial Order (*Portaria*) No. 302-C/2016, of 2 December 2016, Ministerial Order (*Portaria*) No. 302-D/2016, of 2 December 2016, as amended by Ministerial Order (*Portaria*) No. 255/2017, of 14 August 2017, and by Ministerial Order (*Portaria*) No. 58/2018, of 27 February 2018, and Ministerial Order (*Portaria*) No. 302-E/2016, of 2 December 2016.

## CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Clearstream, Luxembourg, Euroclear or Interbolsa (together, the "Clearing Systems") currently in effect. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case), the information in this section concerning Interbolsa is correct as of the date of this Base Prospectus. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Arranger nor any of the Dealers takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, any agent party to the Agency Terms, the Arranger or any of the Dealers will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

### **Book Entry Notes Held Through Interbolsa**

#### *General*

Interbolsa holds security through a centralised system ("*sistema centralizado*") composed by interconnected securities accounts, through which such securities (and inherent rights) are held and transferred, and which allows Interbolsa to control at all times the amount of securities so held and transferred.

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Book Entry Notes.

In relation to each issue of securities, Interbolsa's centralised system comprises, *inter alia*, (i) the issue account, opened by the Issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Book Entry Notes held through Interbolsa will be attributed an International Securities Identification Number code ("**ISIN**"), a common code, a Classification of Financial Instruments code ("**CFI**") and a Financial Instrument Short Name code ("**FISN**"). These Book Entry Notes will be accepted and registered with Central de Valores Mobiliários, the centralised securities system managed and operated by Interbolsa and settled by Interbolsa's settlement system.

#### *Form of the Book Entry Notes held through Interbolsa*

The Book Entry Notes of each Series will be in book entry form and title to the Book Entry Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable CMVM and Interbolsa regulations. No physical document of title will be issued in respect of Book Entry Notes held through Interbolsa.

## CLEARING AND SETTLEMENT

The Book Entry Notes of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Interbolsa Participant (as defined below) on behalf of the holders of the Book Entry Notes. Such control accounts reflect at all times the aggregate of Book Entry Notes held in the individual securities accounts opened by the holders of the Book Entry Notes with each of the Interbolsa Participants. The expression "**Interbolsa Participant**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depositary banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Book Entry Notes shall be treated as the holder of the principal amount of the Book Entry Notes recorded therein.

### *Payment of principal and interest in respect of Book Entry Notes held through Interbolsa*

Whilst the Book Entry Notes are held through Interbolsa, payment of principal and interest in respect of the Book Entry Notes will be (i) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) to the accounts used by the Interbolsa Participants for payments in respect of securities held through Interbolsa and thereafter (ii) credited by such Interbolsa Participants from the aforementioned accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

### *Transfer of Book Entry Notes held through Interbolsa*

Book Entry Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Book Entry Notes. No owner of Book Entry Notes will be able to transfer such Book Entry Notes, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Dealer(s) have, in a set of amended and restated programme terms (as further modified and/or supplemented and/or restated from time to time, the "**Programme Terms**") dated 5 June 2020 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of Notes*" and "*Terms and Conditions of the Notes*". In the Programme Terms, the Issuer has agreed to reimburse the Dealer(s) for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealer(s) against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail for a limited period after the Issue Date. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilisation or other transactions. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Under UK laws and regulations stabilisation activities may only be carried on by the Stabilisation Manager named in the Issue Terms (or persons acting on its behalf) and may only continue for a limited period following the Issue Date (or, if the ending day would be earlier, 60 days after the date of allotment) of the relevant Tranche of Notes.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged, assigned, delivered or otherwise transferred, exercised or redeemed, at any time, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Furthermore, the Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the "**CEA**"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Notes. For a description of the restrictions on offers and sales of the Notes, see "*Subscription and Sale*" in the Base Prospectus.

As used herein, "**U.S. person**" includes any "**U.S. person**" or person that is not a "**non-United States person**" as such terms are defined in Regulation S and in regulations adopted under the CEA, respectively.

The applicable Final Terms will identify whether TEFRA C rules apply or whether TEFRA is not applicable. If TEFRA C applies, the Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

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, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act

### European Union and United Kingdom

#### *Prohibition of sales to EEA and UK Retail Investors*

Unless the Final Terms in respect of any Notes (or Pricing Supplement in the case of Exempt Notes) specifies "Prohibition of Sales to EEA and UK Retail Investors" or "Prohibition of Sales to EEA Retail Investors" (as the case may be) as "Not applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms (or Pricing Supplement in the case of Exempt Notes) in relation thereto to any retail investor in the European Economic Area or in the United Kingdom (as the case may be). For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "**offer**" includes the communication in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA or UK Retail Investors" or "Prohibition of Sales to EEA Retail Investors" (as the case may be) as "Not applicable", in relation to each Member State of the EEA and the United Kingdom (as the case may be) (each, a "**Relevant State**"), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) *Approved Prospectus*: if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, **provided that** any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the 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 such Non-exempt Offer;
- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

- (d) at any time in any other circumstances falling within Article 1(4) and 3(2) of the Prospectus Regulation,

**provided that** no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended from time to time.

### United Kingdom

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### Portugal

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code ("Código dos Valores Mobiliários") enacted by Decree Law No. 486/99, of 13 November 1999, as amended (or under any legislation which may replace or complement it in this respect from time to time), unless the requirements and provisions applicable to the public offerings in Portugal are met and the registration or approval by the Portuguese Securities Market Commission ("*Comissão do Mercado de Valores Mobiliários*") (the "**CMVM**") is obtained or a recognition procedure is made with the CMVM. In addition, each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (a) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be and (b) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Notes to the public in Portugal, other than in compliance with all applicable provisions of the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), any regulations implementing the Prospectus Regulation, and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, including the publication of a base prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

### France

Each of the Dealers has represented and agreed that:

- (a) *Non-exempt Offer in France:*

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It has only made and will only make an offer of Notes to the public in France following the notification of the approval of the Base Prospectus to the *Autorité des marchés financiers* ("**AMF**") by the Central Bank and in the period beginning on the date of publication of the Final Terms relating to the offer of Notes and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus by the Central Bank all in accordance with Articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF; or

(b) ***Private placement in France:***

It has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code *monétaire et financier*.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**"). Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (A) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any applicable provision of legislative decree no. 58 of 24 February 1998, as amended (the "**Italian Financial Services Act**") and Italian CONSOB Regulations; or
- (B) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11973 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (I) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**banking act**"); and
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Investors should also note that in connection with the subsequent distribution of the Notes (with a minimum denomination lower than €100,000 or its equivalent in another currency) in the Republic of Italy, in*



## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

*accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (I) or (II) ABOVE, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by investors.*

### **General**

Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction, in particular Australia, South Africa and Canada, to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, in particular Australia, South Africa and Canada or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

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### 1. Authorisation

The establishment and/or update of the Programme have been duly authorised by resolutions of the Executive Committee of the Board of Directors of the Issuer dated 13 December 2016, 8 February 2018, 5 February 2019 and 26 May 2020.

### 2. Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market will be admitted separately as and when issued, subject only to the issue of the relevant Note. Application has been made to Euronext Dublin for the Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and to trading on the Euronext Dublin Regulated Market.

This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Regulation. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation.

### 3. Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at <https://ind.milenniumbcp.pt/en/Institucional/investidores/Pages/Inv.aspx>:

- (a) the constitutional documents (in English) of the Issuer;
- (b) the published audited consolidated financial statements of the Banco Comercial Português Group in English and auditors' report contained in the Bank's Annual Report for the two financial years ended on 31 December 2018 and 31 December 2019;
- (c) the most recently available published unaudited interim condensed consolidated balance sheet and interim condensed consolidated income statement of the Bank;
- (d) the Agency Terms, the Instrument and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future base prospectus, prospectuses, information memoranda and supplements, including Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

The information mentioned in paragraphs (a) to (c) above represent an accurate translation from their original Portuguese form. In the event of a discrepancy, the original Portuguese version will prevail.

### 4. Clearing Systems

In the event that Bearer Notes are issued, application will be made to Euroclear and Clearstream, Luxembourg for such Bearer Notes to be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms.

The Book Entry Notes will be accepted for clearance through Interbolsa. The appropriate ISIN (and any other relevant financial instrument codes, such as CFI and FISN) for each Tranche of Book Entry Notes will be specified in the applicable Final Terms.

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If the Notes are to clear through an additional or alternative Clearing System the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert, II B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of Interbolsa is Avenida da Boavista, 3433, 4100-138 Oporto.

### 5. **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### 6. **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the Issue Price and on the assumption that the Notes are not subject to early redemption or cancellation or, if applicable, no Credit Event occurs. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

### 7. **Significant or Material Change**

There has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 March 2020. There has been no material adverse change in the prospects of the Issuer or Banco Comercial Português Group since the date of the last audited annual accounts, 31 December 2019.

### 8. **Litigation**

1. In 2012, the Portuguese Competition Authority initiated an administrative proceeding relating to competition restrictive practices. During the investigations, on 6 March 2013, several searches were conducted in the Bank's premises, as well as to at least eight other credit institutions, where documentation was seized in order to investigate allegations of exchange of privileged commercial information among Portuguese banks.

The Portuguese Competition Authority has declared the administrative proceeding to stay under judicial secrecy, once it considered that the interests dealt with in the investigation, as well as the parties' rights, would not be compatible with the publicity of the process. On 2 June 2015, the Bank was notified of the Portuguese Competition Authority's notice of illegality in connection with an administrative offence, by which the Bank is accused of participating in an information exchange between banks of the system related to prices already approved and housing and consumer credit operations already granted or approved. In light of the accusations, the Bank filed a response to the note of illegality, to which may follow a judicial appeal. Note that the notification of a note of illegality does not constitute a final decision in relation to the accusations. According to the terms foreseen in the law, the illicit under investigation in this administrative proceeding may be punished with a fine up to a maximum limit of 10% of the defendant's annual consolidated turnover with reference to the year preceding the decision. However, judicial appeal against such decision is possible. In October 2016, the Lisbon Court of Appeals overruled an earlier decision by the Competition, Regulation and Supervision Court to suspend the Competition Authority's investigation.

On 4 July 2017, the Competition Authority notified the Bank on the decision regarding the withdrawal of the suspension concerning the access to documents deemed as confidential and of the extension of the term for the making of a decision on the illicit act for more 40 days. The Portuguese Competition Authority refused the Bank's application for confidential treatment of some of the information in the Bank's defence against the notice of illegal act. In June 2018 the Bank filed an appeal with the Portuguese

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Competition, Regulation and Supervision Court (which is pending) and filed its defence against the notice of illegal act in a non-confidential version.

On 5 November 2018, the Bank was notified of the ruling of the Portuguese Competition, Regulation and Supervision Court, that gives approval to the appeal presented by BCP, on the subject of secrecy, accepting, in its essence, BCP's argument that the Portuguese Competition Authority, infringed on the right to a prior hearing.

On 25 January 2019, the PCA granted the Bank a 10-business day period to provide summaries for the co-defendants' confidential information. On 4 February 2019, the Bank filed an appeal before the Competition Court and, on 11 February 2019, submitted a reply to the PCA (although restating its opposition to the PCA's request).

On 9 September 2019, the PCA adopted its final decision on this proceeding, fining BCP in EUR 60 million for its alleged participation in a confidential information exchange system with its competitors in the mortgage, consumer and small and medium enterprises credit segments. The Bank considers that this decision contains serious factual and legal errors, having filed an appeal on 21 October 2019 before the Competition Court requesting the annulment of the decision and the suspensive effect of the appeal. The admission of the appeal and the decision on its respective effect are expected.

2. On 20 October 2014, the Bank became aware of a class action brought against Bank Millennium in Poland by a group of borrowers represented by the Municipal Consumer Ombudsman in Olsztyn. As other Polish banks in a similar situation, Bank Millennium was in the meantime notified of such class action, which seeks to assess the institution's "illicit" enrichment from certain clauses contained in the mortgage loan agreements denominated in Swiss francs. In the referred class action, clients have questioned a set of those agreements' clauses, notably those related with the spread bid-offer between Polish zloty and Swiss francs applicable in the conversion of credits. On 28 May 2015, the Regional Court of Warsaw issued a decision rejecting the class action on the grounds that the case cannot be heard in class action proceedings. The decision of the Regional Court of Warsaw is not final. On 3 July 2015, the claimants filed an appeal against this decision and the Court of Appeal upheld the appeal by refusing the dismissal of the claim.

On 31 March 2016, the Regional Court in Warsaw issued a decision dismissing the Bank's motion for a security deposit to secure litigation costs. On 6 April 2016, the Bank filed an appeal against this decision.

On 17 February 2016, the claimant filed a submission with the Regional Court in Warsaw, extending the claim again to include 1,041 group members. Bank Millennium has not yet been notified of this submission.

On 2 August 2016 the Regional Court in Warsaw issued a decision ordering the publication of an announcement in the press concerning the commencement of action proceedings. Following the Bank's motion to repeal this decision, the Court suspended its execution, but, on 8 August 2016, it issued another decision for the case to be heard in the group action proceedings. On 31 August 2016, the Bank appealed this decision. On 16 December 2016 the Court of Appeal in Warsaw overruled decision of the Regional Court for the case to be heard in group action proceedings and referred the request for the case to be heard in group action proceedings to the Regional Court for re-examination. At a hearing on 15 March 2017 the Regional Court issued decision for the case to be heard in group action proceedings. On 18 April 2017 the Bank filed an appeal against the above decision; the date of reviewing the case by the Court of Appeal in Warsaw has not been scheduled yet. On 30 June 2017 the claimant filed a submission with the Regional Court in Warsaw, extending the claim again by a further 676 group members. The new value of the subject matter of the dispute was indicated as approximately PLN 132.7 million (approximately EUR 31 million, including the values provided in the statement of claim and the previous submissions concerning extension of the claims dated 4 March 2015 and 17 February 2016). The submission dated 30 June 2017 extending the claim has not yet been served on the Bank's counsel. On 28 September 2017 the Court of Appeal in Warsaw issued a decision dismissing the Bank's appeal against the decision of the Regional Court

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in Warsaw dated 15 March 2017; thus, the decision for the case to be heard in group action proceedings became final. On 20 November 2017 the Regional Court in Warsaw issued a decision ordering the publication of an announcement in the "Rzeczpospolita" newspaper concerning the commencement of group action proceedings. The announcement was published on 23 January 2018; the deadline for further borrowers to join the proceedings was 23 April 2018.

In the last extension of claim (dated 24 April 2018), 382 new borrowers declared their accession to the group. Including all previous extensions of claim, the total number of declared members of the group is currently approximately 5,400 persons, while the total value of the subject matter of the dispute was indicated as approximately PLN 146 million (approximately EUR 34 million).

On 14 January 2019, the Regional Court in Warsaw issued a decision on the composition of the group. Both parties appealed against this decision. On 27 August 2019, the Court of Appeal in Warsaw issued a final decision on the composition of the group. The proceedings have thus entered the phase of reviewing the case on the merits. The date of the hearing was scheduled for 20 March 2020. Due to the COVID-19 pandemic, the hearing was cancelled. The date of the next hearing is not yet set.

Currently, the number of the group members is 5,350 and the value of the litigation has been estimated to approximately PLN 146 million. The number of loan agreements involved is 3,281.

On 3 December 2015, Bank Millennium received notice of a class action lawsuit lodged by a group of 454 borrowers represented by the Municipal Consumer Ombudsman in Olsztyn pertaining to low down payment insurance used with CHF-indexed mortgage loans. The plaintiffs demand the payment of the amount of PLN 3.5 million (approximately EUR 0.83 million) claiming for some clauses of the agreements pertaining to low down-payment insurance to be declared null and void. The Bank already contested the claim, demanding that the lawsuit be dismissed. The first hearing took place on 13 September 2016, the Court having ruled that the proceedings were admitted. On 16 February 2017, the Court of Appeal denied the appeal brought forward by the Bank and the previous sentence became definitive. On 30 March 2017 the Regional Court in Warsaw dismissed Bank's motion to oblige the plaintiff to provide security for costs of proceedings. On 10 April 2017 Bank filed a complaint to the Court of Appeal in Warsaw against the decision dismissing the motion to provide security. On 13 September 2017, the Court of Appeal in Warsaw dismissed the complaint against the decision of the Regional Court in Warsaw of 30 March 2017 on dismissal of the motion to provide security. The Regional Court in Warsaw announced the initiation of group proceedings in the daily newspaper "Rzeczpospolita", thus setting a period of three months for submitting statements on joining the group by the interested parties. Pursuant to the court's order, the representative of the group filed with the Regional Court in Warsaw an update list of all the members of the group amounting to 709 persons and lodged a further claim for slightly above 5 million PLN altogether.

On 1 October 2018, the group's representative corrected the total amount of claims pursued in the proceedings and submitted a revised list of all group members, covering a total of 697 borrowers and 432 loan agreements. The value of the subject of the dispute, as updated by the claimant, is PLN 7,371,107.94.

On 21 November 2018, the Bank filed objections regarding the membership of individual persons in the group. The court also ordered the Bank to submit its objections as to the revised list of all group members by 28 January 2019.

The next stage of the proceedings is establishing the composition of the group (i.e. determining whether all persons who joined the proceedings may participate in the group).

On 28 January 2019, the Bank submitted second objection regarding the membership in the group of persons included in the revised list. On 27 July 2019, the Bank filed a motion

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to exclude a judge from the case. On 26 October 2019, the court issued a decision to exclude three judges from hearing the case.

On 1 April 2020, the court issued a decision on establishing the composition of the group and determined that all persons indicated by the plaintiff are allowed to participate in the group. The decision is not final and has not yet been officially delivered to the Bank. Upon an official service of the decision, the Bank will have the right to file an appeal.

3. On 28 December 2015 and 5 April 2016, Bank Millennium was notified of two cases filed by PCZ SA in the amount of PLN 150 million (approximately EUR 34.3 million) and by Europejska Fundacja Współpracy Polsko - Belgijskiej / European Foundation for Polish-Belgian Cooperation ("**EFWP-B**"), in the amount of PLN 521.9 million (approximately EUR 119.4 million) based on the same grounds. The claimants allege in their petitions that Bank Millennium misrepresented certain contractual clauses, which determined the maturity of the credits, causing losses to the claimants. In the case brought by EFWP-B a decision of the first instance of the Warsaw Regional Court is pending. As regards the case brought by PCZ SA, on 7 April 2017 the Wrocław Regional Court (first instance) issued a verdict favourable to Bank Millennium by rejecting the case. The plaintiff has lodged an appeal. On 21 December 2017, the Appeal Court of second instance in Wrocław has issued a verdict favourable to the Bank dismissing the appeal. This decision is final.

The Bank is requesting complete dismissal of the suit, stating disagreement with the charges raised in the claim. Supporting the position of the Bank, the Bank's attorney submitted a binding copy of final verdict of Appeal Court in Wrocław favourable to the Bank, issued in the same legal state in the action brought by PCZ S.A. against the Bank.

Favourable forecasts for the Bank, as regards dismissal of the suit brought by EFWP-B to the Warsaw Regional Court, have been confirmed by a renowned law firm representing the Bank in this proceeding.

4. On 19 January 2018, the Bank has received the lawsuit petition of First Data Polska SA requesting the payment of PLN 186.8 million (approximately EUR 43.5 million). First Data claims a share in an amount which the Bank has received in connection with the Visa Europe takeover transaction by Visa Inc. The plaintiff based its request on an agreement with the Bank on cooperation in scope of acceptance and settlement of operations conducted with the usage of Visa cards. The Bank does not accept the claim and filed the response to the lawsuit petition within the deadline set forth in the law.

In accordance with the decision issued on 13 June 2019, the Bank won the case before the Court of First Instance. The case is currently pending before the Court of Appeal. According to the current risk estimation of losing the dispute, the Bank has not created a provision in its accounts.

5. On 3 January 2018, Bank Millennium was notified of a decision of the President of the Office of Competition and Consumer Protection (the "**UOKiK**"), in which the President of UOKiK found infringement by the Bank of the rights of consumers. In the opinion of the President of UOKiK, the essence of the violation was that the Bank informed consumers (connected with 78 agreements), in response to their complaint, that the court verdict stating the abusiveness of the provisions of the loan agreement regarding exchange rates did not apply to them. According to the position of the President of UOKiK, the abusiveness of contract's clauses determined by the court in the course of abstract control is constitutive and effective for every contract from the beginning. As a result of the decision, the Bank had to: 1) send information of the UOKiK decision to the said 78 clients; 2) post the information on the decision and the decision itself on the website and on twitter, which it has already done; and 3) to pay a fine amounting to PLN 20.7 million. The decision on the fine is not immediately enforceable. The decision of the President of UOKiK is not final. The Bank does not agree with this decision and lodged an appeal within the statutory time limit.

On 7 January 2020, the first instance court dismissed the Bank's appeal in its entirety. The court presented the view that the judgment issued in the course of the control of a

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contractual template (in the course of an abstract control), recognising the provisions of the template as abusive, determines the abusiveness of similar provisions in previously concluded contracts. Therefore, the information provided to consumers was incorrect and misleading. As regards the penalty imposed by UOKiK, the court pointed out that the policy of imposing penalties by UOKiK had changed in the direction of tightening penalties and that the court agrees with this direction.

In the Bank's assessment, the court should not assess the Bank's behaviour in 2015 from the perspective of today's case-law views on the importance of abstract control (it was not until January 2016 that the Supreme Court's resolution supporting the view of the President of UOKiK was published), nor should it impose penalties for these behaviours using current policy. The above constitutes a significant argument against the validity of the judgment and supports the appeal which the Bank submitted to the Court of Appeal.

6. In October 2015, a set of companies connected to a group which has debts in default towards the Bank in the amount of approximately EUR 170 million, resulting from a financing agreement entered into in 2009 – such debts having been fully provisioned for in the Bank's accounts – brought a judicial proceeding against the Bank, after having received a notification from the Bank enforcing payment of such debts. In the judicial proceedings it is envisaged:
  - (a) to deny the obligation of payment of those debts, by arguing the voidness and nullity of the respective agreement, but without the correspondent obligation of returning the amounts received;
  - (b) that the Bank is also convicted to bear the amounts of approximately EUR 90 million and EUR 34 million related to other debts contracted by those entities with other banking institutions, as well as the amounts, in a total sum of approximately EUR 26 million, that the debtors would have already paid in the context of the respective financing agreements; and
  - (c) to declare that the Bank is the owner of the object of the pledges associated with said financing agreements, which corresponds to approximately 340 million shares of the Bank itself, allegedly acquired at the request of, on behalf of and in the interest of the Bank.

The Bank has filed its defence and counterclaim, reinforcing the demand for payment of the debt. The claimants filed their statements of defence regarding the counterclaim filed by the Bank and the Bank replied to those statements in July 2016.

The Court issued a decision establishing the facts that are considered to be proven and those that must still be proven in court. The parties presented their requests for proof and each of the parties appointed its expert. The Court shall now issue a decision regarding the proof requested by the parties and appoint the third expert.

The claimants challenged both experts appointed by BCP and the Court, but the Court maintained the appointed experts, who were notified on 13 March 2020 to proceed with the expert evidence.

The proceedings are waiting for the expert evidence to proceed.

7. In 2013, the Bank filed a lawsuit against a former Chairman of its Board of Directors, his wife and an insurance company, requesting mainly that the following be recognised: (a) that the amount of the retirement instalments of the former Chairman, to be paid by the Bank, cannot exceed the highest fixed remuneration earned by the directors exercising functions in the Bank at any moment; (b) that the former Chairman cannot maintain, at the Bank's expenses, the unique benefits he had when still in active functions; and (c) that the wife of the former Chairman cannot benefit from a survival lifelong pension paid by the Bank in case of death of the former Chairman, under conditions different from the ones foreseen for the majority of the Bank's employees.

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On 25 May 2018 the court rejected the request made by the Bank consisting in the reduction of the pensions paid and to be paid and partially accepted a counter-claim, sentencing the Bank to compensate him for certain past and future expenses (that, as incurred as at 16 June 2016, the court computed in the amount of EUR 2,124,923.97), plus default interest accounted at the legal rate of 4% per year since the date of the reimbursement request up to their effective and full payment.

The Bank disagrees with the interpretation adopted by the court and, on 12 July 2018, appealed to the Lisbon Court of Appeals.

The lower stage court had to annul the sentence mentioned above. After several procedural extraordinary events, on 27 January 2019, the Court issued a new decision, which fully reproduces the previous one issued on 25 May 2018 as detailed above.

On 5 March 2020, the Lisbon Court of Appeals abrogated the court of first instance's decision, upholding the Bank's legal action and declaring the non-existence of the right of the defendant to receive the retirement supplements paid by the insurance company, condemning the defendant to return to the Bank the amounts received monthly in excess of the limits provided for in Article 402 (2) of the Commercial Companies Code, as from the date of retirement. The Court also enacted the partial nullity of the insurance contracts titled by the capitalisation and lifelong pension policy, sentencing the insurance company to return to the Bank the amounts paid by the latter to support the retirement supplements of such former Chairman of the Board of Directors. Finally, the court dismissed the counterclaim, acquitting the Bank of the request. There may be an appeal to the Supreme Court of Justice for this last decision.

8. Litigation initiated by BCP and Millennium bim in relation to their exposure to Mozambique entities and sovereign guarantees:

On 8 April 2020, the Bank filed a Claim in the High Court of Justice Business & Property Courts of England and Wales Commercial Court in which the Bank claims sums due and in default under a facility agreement and a sovereign guarantee in the amount of USD 158,942,748.88, as at 8 April 2020, plus other interest and other costs.

Further to legal action brought by the State with a view to seek, inter alia, a declaration that a State guarantee is not valid, legal or enforceable, on 27 April 2020 Millennium bim issued a Claim in the High Court of Justice Business & Property Courts of England and Wales Commercial Court against the original arranger and lender of a credit facility benefiting from said State guarantee and related persons. Millennium bim was assigned loans under this facility in the amounts of USD 37.2 million and USD 24 million. The total amount outstanding as at 27 April 2020 was US\$79,639,385.33.

Save as disclosed in this section entitled "Litigation" there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer or the Group.

8. **Auditors**

The current auditors of the Bank are Deloitte & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ("**Deloitte**") (which is a member of the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*")), with registered office at Av. Eng. Duarte Pacheco, 7, 1070-100 Lisbon.

The consolidated financial statements of the Banco Comercial Português Group for the financial years ended on 31 December 2018 and 31 December 2019 were prepared in accordance with IFRS as adopted by the European Union. The financial statements of the Banco Comercial Português Group were audited for each of the two years ended 31 December 2018 and 31 December 2019 by Deloitte & Associados, SROC, S.A., independent certified public accountants and members of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*).



All financial information in this Base Prospectus relating to the Bank for the years ended 31 December 2018 and 31 December 2019 has been extracted without material adjustment from the audited consolidated financial statements of the Bank for the financial years then ended and all financial information in this Base Prospectus relating to the Issuer for the three month period ended 31 March 2020 has been extracted from the 1st Quarter 2020 Report and Accounts of BCP Group and the unaudited and un-reviewed earnings presentation of the BCP Group for the three month period ended 31 March 2020.

9. **Credit Ratings**

In accordance with Moody's ratings definitions available as at the date of this Base Prospectus on <https://www.moody.com/ratings-process/Ratings-Definitions/002002>, a long-term rating of "Ba" indicates obligations that are judged to be speculative and are subject to substantial credit risk. In accordance with such Moody's ratings definitions, an "NP Issuer" rated "Not Prime" does not fall within any of the Prime rating categories. In accordance with S&P's ratings definitions available as at the date of this Base Prospectus on [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352), a long-term rating of "BB" indicates an obligation having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions. An obligation rated "BB" is less uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. In accordance with such S&P ratings definitions, a short-term rating of "B" indicates that an obligation is vulnerable and has significant speculative characteristics. It indicated that the obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments. In accordance with Fitch's ratings definitions available as at the date of this Base Prospectus on <https://www.fitchratings.com/site/definitions>, a long-term rating of "BB" indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments. In accordance with such Fitch ratings definitions, a short-term rating of "B" indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. In accordance with DBRS's ratings definitions available as at the date of this Base Prospectus on <https://www.dbrsmorningstar.com/media/0000000069.pdf>, a long-term rating of "BBB" indicates adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. The obligor may be vulnerable to future events. In accordance with such DBRS ratings definitions, a short-term rating of "R-2" indicates the capacity for the payment of short-term financial obligations as they fall due is acceptable. The obligor may be vulnerable to future events.

10. **Post-issuance information**

Save as set out in the Final Terms, the Issuer does not intend to provide and post-issuance information in relation to any issues of Notes.

11. **Dealer transacting with the Issuer**

The Issuer and the Dealer are the same entity. Accordingly, the Issuer and the Dealer engage, and will engage, in investment banking and/or commercial banking transactions with, and perform other services for, the Group in the ordinary course of business.

12. **Third party information**

Information sourced from Banco de Portugal, Portuguese Banking Association (*Associação Portuguesa de Bancos*), Portugal's National Statistics Institute (*Instituto Nacional de Estatística*), the National Bank of Poland, the Bank of Mozambique, the Bank of Angola and from other sources mentioned in this Base Prospectus has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## GENERAL INFORMATION

Where information from third parties is referenced in this Base Prospectus, the source of the information is identified alongside each statement.

## INDEX OF DEFINED TERMS

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