

PROSPECTUS



**HSBC Bank plc**

*(a company incorporated with limited liability in England with registered number 14259)  
as Issuer*

**USD 31,357,000 Emerging Market Pass-through Notes referencing NGN denominated  
bonds issued by the Federal Republic of Nigeria**

**(the "Notes")**

This document (which expression shall include all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the Notes issued by HSBC Bank plc (the "**Issuer**") and has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a prospectus ("**Prospectus**").

The Notes are issued under the Issuer's Programme for the Issuance of Notes and Warrants (the "**Programme**").

Application will be made to admit the Notes to listing on the Official List of the FCA (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**UK Listing Authority**")), and to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the state securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements.

The Issuer has been assigned the following long-term credit ratings: AA- by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"); Aa2 by Moody's Investors Service Limited ("**Moody's**"); and AA- by Fitch Ratings Limited ("**Fitch**"). Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such, each of Standard & Poor's, Moody's and Fitch 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.

*Investing in the Notes involves certain risks. Investors should consider carefully the risk factors set forth in the section headed "Risk Factors" below.*

**HSBC**

4 August 2017

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, which has taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer does not intend to provide post-issuance information.

HSBC Bank plc in its capacity as dealer (the "**Dealer**") has not separately 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 as to the accuracy or completeness of the information contained in this Prospectus, any document incorporated by reference herein or any other information provided by the Issuer in connection with the Notes or their distribution. The Dealer accepts no liability in relation to this Prospectus or its distribution or with regard to any other information supplied by or on behalf of the Issuer. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer.

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

Neither this Prospectus nor any further information supplied in connection with the Notes should be considered as a recommendation or as constituting an invitation or offer by the Issuer or the Dealer that any recipient of this Prospectus or any other information supplied in connection with the Notes should subscribe for or purchase the Notes. Each investor contemplating subscribing for or purchasing the Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer by or on behalf of the Issuer or the Dealer to subscribe for or purchase the Notes.

The distribution of this Prospectus and the offer, distribution or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Dealer represent that this document may be lawfully distributed, or that the 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 assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Notes or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or the Notes come must inform themselves about, and observe, any such restrictions.

The Issuer has no responsibility and assumes no responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser or investor, whether under the laws of the jurisdiction of the purchaser or investor's incorporation or the jurisdiction in which it operates (if different), or for compliance by that purchaser or investor with any law, regulation or regulatory policy applicable to it.

Unless otherwise specified, references in this Prospectus to "\$", "*dollars*", "*US\$*", "*USD*" and "*US dollars*" are to the lawful currency of the United States of America. References to "£", "*pounds*", "*Pounds Sterling*", and "*Sterling*" are to the lawful currency of the United Kingdom. References to "€", "*euro*" and "*EUR*", are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended. References to "*NGN*" and "*Nigerian naira*" are to the lawful currency of the Federal Republic of Nigeria.

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## **RISK FACTORS**

*This section provides details of the principal risks associated with the Issuer and the Notes.*

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below and the risk factors contained in the registration document of the Issuer dated 12 April 2017 (the "**Registration Document**"), incorporated by reference. The Issuer considers such risk factors to be the principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and/or risk factors that are material for the purposes of assessing the market risk associated with the Notes. Words and expressions defined in the Conditions, the Additional Conditions or elsewhere in this Prospectus have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Notes that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer or the Notes themselves, and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.*

### **Risk relating to the Issuer**

A description of the risk factors relating to the Issuer that may affect the ability of the Issuer to fulfil its obligations under the Notes are set out in the section entitled "*Risk Factors*" on pages 1 to 19 of the Registration Document, as supplemented by sub-paragraph (b) of paragraph 4 of the base prospectus supplement of the Issuer dated 2 August 2017 in relation to the Issuer's Debt Issuance Programme.

### **Risks relating to the Notes**

#### ***Credit Risk***

The Notes are credit linked securities and will provide investors with a return linked to the credit of the Issuer and the Reference Entity and will not provide protection of principal or a guarantee of interest. The investors are exposed to the credit risk of the Issuer and the Reference Entity.

In relation to the Issuer, investors are exposed to the risk that the Issuer is not able to meet its obligations created by the Notes.

In relation to the Reference Entity, payments of interest and principal under the Notes will only be made to the extent a corresponding payment of interest or principal would have actually been received by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation. To the extent that there is any shortfall in any such payment, investors will receive a correspondingly smaller amount and could receive zero.

In addition, if a Credit Event occurs, then the Notes may be redeemed early by Physical Settlement or Cash Settlement under the Additional Conditions, as described below.

#### ***Early Redemption Events and Credit Events***

If an Early Redemption Event or Credit Event has occurred in respect of the Reference Entity, the Issuer may elect to redeem the Notes by way of either Physical Settlement or Cash Settlement on the Physical Settlement Date or the Cash Settlement Date, as applicable. In particular, Noteholders should note that the Issuer's obligations to pay amounts in respect of interest on the Notes and to redeem the Notes at their principal amount are subject to the condition precedent that the Issuer has not elected to redeem the Notes and, if the Issuer has elected to redeem the Notes, then (1) no further amounts in respect of interest will be payable in respect of the Notes and (2) the Issuer will not redeem the Notes at their principal amount and the sole obligation of the Issuer with regard to redemption of the Notes will be as set out in the Conditions and the Additional Conditions.

The Issuer shall be under no obligation to elect to redeem the Notes and no delay in giving, or omission to make, such election shall prejudice the Issuer's right make such election.

***The Notes can be redeemed by physical delivery of the Reference Obligation or payment of a Cash Settlement Amount***

If an Early Redemption Event or Credit Event occurs, the Notes may, at the option of the Issuer, be redeemed by delivery of the Reference Obligation to the Noteholders, which may have a value at such date substantially less than the par value of the Notes and could be zero. The Cash Settlement Amount will be an amount equal to a Noteholder's *pro rata* share of an amount equal to the product of (i) the Reference Obligation Principal Amount and (ii) the Final Price, less certain taxes, costs and expenses, converted into the Settlement Currency in accordance with the Additional Conditions. Such amount could be significantly less than the par value of the Notes and could be zero.

***Currency Risk***

All payments denominated in the Denomination Currency will be paid in the Settlement Currency and, therefore, such amounts will be converted from the Denomination Currency to the Settlement Currency in accordance with the Additional Conditions. Investors will therefore be exposed to fluctuations in the exchange rate between the Denomination Currency and the Settlement Currency. Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between (i) the Denomination Currency, (ii) the Reference Obligation Currency and (iii) the relevant local currency of the investor's domicile.

If the Calculation Agent determines that it is unlawful, impossible, or otherwise impracticable to redeem any outstanding Note by payment of the Cash Settlement Amount, including but not limited to as a result of an Inconvertibility Event, the Issuer may redeem such Note by payment of the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency. If an Inconvertibility Event is continuing and any payment cannot be completed within 6 calendar months of the date on which the Inconvertibility Event first occurred, each Note shall be immediately deemed to have been redeemed in full. In such circumstances, Noteholders will lose all of their investment.

***Risks relating to Credit-Linked Notes generally***

Prospective investors in the Notes should be aware that (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of the Reference Obligation may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. It is the responsibility of investors to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of their entitlement to receive payments under the Notes.

The market price of the Notes may be volatile and will be affected by factors that interrelate in complex ways, including amongst other things, the Issuer's creditworthiness, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions. It is important for investors to understand that the effect of one factor may offset the increase in the market price of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the market price of the Notes caused by another factor. For example, a drop in the creditworthiness of a Reference Entity may more than offset any increase in the Issuer's creditworthiness. The market price of the Notes may be zero.

The Additional Conditions contains terms based on the 2014 ISDA Credit Derivatives Definitions. Investors should not assume that because these terms are similar to the 2014 ISDA Credit Derivatives Definitions that they are the same. Investors should therefore take appropriate care when reading the Additional Conditions.

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

The holders of the Notes will be exposed to the credit of the Reference Entity, which exposure shall 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 the 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 the 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.

Not all of the Credit Events require an actual default with respect to the Reference Entity's obligations. Thus Noteholders may bear losses based on a deterioration in the credit of a Reference Entity short of default. Also, not all Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event.

***Calculation Agent Discretion***

All calculations and determinations made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Issuer and all Noteholders. The Calculation Agent shall have no obligations to the Noteholders, and shall only have the obligations expressed to be binding on it pursuant to the Conditions of the Notes.

***Payments on the Notes calculated by reference to a Notional Holder***

Prospective purchasers of the Notes should be aware that payments of interest (if applicable) and principal in relation to the Notes are calculated on the basis of the amounts received in the Reference Obligation Currency by a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation. Amounts received by Noteholders are therefore dependent on where the Notional Holder is (notionally) domiciled and may be less than the Noteholder would receive if it were to hold the Reference Obligation directly.

***No representation by Issuer, Calculation Agent and affiliates***

None of the Issuer, the Calculation Agent nor any of their respective affiliates makes any representation whatsoever with respect to any Reference Entity and/or any Reference Obligation.

***No disclosure of information***

The Issuer, the Calculation Agent and any of their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the Issue Date of the Notes or at any time thereafter, be in possession of information in relation to the Reference Entity or the Reference Obligation that is or may be material in the context of the issue of Notes and that may or may not be publicly available or known to Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or any such affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

***No post-issuance information***

The Issuer will not provide investors with any post-issuance information regarding the Reference Entity, Reference Obligation. In addition, prospective investors should understand that historical performance of a Reference Entity or the Reference Obligation should not be viewed as predictive of future results.

***No ownership rights***

The Noteholders will have no direct interest or right in the Reference Obligation. An investment in Notes relating to the Reference Obligation is not the same as an investment in the Reference Obligation and does not (prior to settlement of any exchange of Notes for the Reference Obligation) provide a Noteholder with any of the rights that a holder of such security underlying a Reference Obligation may have.

***The Notes are unsecured obligations***

It will be particularly important for the investor to evaluate the Issuer's credit risk when considering an investment in the Notes as the Notes are unsecured. If the Issuer became unable to pay amounts owed to

the investor under the Notes, such investor does not have recourse to the Reference Obligation or any other security/collateral and, in a worst case scenario, may not receive any payments under the Notes.

***The Notes are not ordinary debt securities***

An investment in the Notes is not an equivalent to an investment in a time deposit. The terms of the Notes differ from those of ordinary debt securities because the Notes may not pay interest and, on redemption, depending on the performance of the Reference Obligation, may return less than the amount invested or nothing.

The repayment of any amount invested in Notes and any return on investment may be variable and is not guaranteed. Unlike a savings account or similar investment with a lower return and little or no capital risk, the Notes may potentially have a greater return but there is a greater risk of loss of capital. As a result, the investors' capital can fall below the amount initially invested.

***There may be no active trading market or secondary market liquidity for the Notes***

The Notes issued will be new securities which may not be widely distributed and for which there is no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Notes, general economic conditions, commissions paid by the Issuer and the financial condition of the Issuer and existing liquidity arrangements (if any) might not protect Noteholders from having to sell the Notes at substantial discounts to their principal amount in case of financial distress of the Issuer. Accordingly, the investor is subject to the risk that its investment in the Notes may be difficult or impossible to trade. If a market does develop, it may not be very liquid and such liquidity may be sensitive to changes in financial markets.

It is not possible to predict whether any trading market for the Notes will develop or, if it does, the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. Also, to the extent that Notes are redeemed or purchased and cancelled, the number of Notes outstanding will decrease, resulting in a lessening of the liquidity of the Notes. A lessening of the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. An investor in the Notes is subject to the risk therefore, that to the extent that there is no liquid market in the Notes, an investor may have to wait until redemption of such Notes in order to realise the value of its investment and, as such, an investor should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes until their redemption.

***Redemption for Tax Reasons***

The Issuer may redeem the Notes in whole if the Issuer would be required to pay certain tax gross-up payments in respect of the Notes or to make deductions in respect of certain taxes from payments in respect of the Notes. The amount payable by the Issuer on such redemption will be the Early Redemption Amount. The amount so payable by the Issuer may be less than amounts invested in the Notes.

***Illegality***

The Noteholders are subject to the risk that the Issuer may terminate its obligations under the Notes if the Calculation Agent determines in its sole and absolute discretion acting in good faith that the performance of the Issuer's obligations under any Notes (or the Issuer's designated affiliates' obligations under any hedging or funding arrangement established in connection therewith) shall have after the Trade date become unlawful or impracticable in whole or in part. Following such a determination of illegality, the Issuer may terminate its obligations under the Notes against payment of an amount determined by the Calculation Agent. Noteholders may suffer a loss of some or all of their investment as a result of such early termination, and will forego any future interest payments applicable to such Notes (if any).

***Certain factors affecting the value and trading price of Notes***

The value of Notes prior to expiry or maturity (as applicable) is expected to depend on a number of factors including, without limitation: (i) the trading price of the Notes; (ii) the value and volatility of the Reference Obligation; (iii) the time remaining to expiration or maturity; (iv) any change(s) in interim interest rates; (v) any change(s) in currency exchange rates; (vi) market conditions or liquidity of the Reference Obligation; and (vii) any related transaction costs. As a result of these factors the price at

which a Noteholder will be able to sell the Notes prior to maturity may be less than the initial amount invested in the Notes. Each of these factors interrelate in complex ways (for example, one factor may offset an increase in the trading value of the Notes caused by another factor). Investors are subject to the risk that the value of Notes may be adversely affected by one or more of the following factors:

(a) *Fluctuations in the level or value of the Reference Obligation*

Fluctuations in the value or level of the Reference Obligation may affect the value of the Notes, but equally an investor in the Notes is subject to the risk that expectations of fluctuation in value or level of the Reference Obligation during the remaining period to the maturity of the Notes or any earlier redemption or exercise date would adversely affect amounts payable in respect of the Notes. The level of the reference factor, Reference Obligation may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation.

(b) *Interest rates*

Rising interest rates may lower the value of the Reference Obligation and thus the value of the Notes. Changes in interest rates may also affect the economy of the Reference Entity's country, and which may adversely affect the value of the Notes.

(c) *Volatility of the Reference Obligation*

If the size and frequency of market fluctuations in value of the Reference Obligation increase or decrease, the trading value of the Notes may be adversely affected.

(d) *Time remaining to maturity or expiry*

The Notes may trade at a value above that which would be expected based on the level of interest rates and the price of the Reference Obligation. Any such difference will reflect a "time premium" resulting from expectations concerning the Reference Obligation during the period prior to the maturity of the Notes. An investor in the Notes should be aware of the risk that, as the time remaining to the redemption of the Notes decreases, this time premium would likely decrease, which would adversely affect the value of the Notes.

***Potential conflicts of interest***

The Issuer or affiliates of the Issuer may from time to time: (i) advise or engage in business with the Reference Entity; (ii) engage in transactions involving the Reference Obligation for their proprietary accounts and for other accounts under their management; (iii) carry out hedging activities related to the Notes and by purchasing the Reference Obligation; (iv) publish research reports relating to the Reference Entity or the Reference Obligation; or (v) acquire non-public information about the Reference Entity or Reference Obligation. Any such activity by the Issuer or its affiliates (as applicable) may have a negative effect on the value of the Reference Obligation and therefore on the value of the Notes.

Certain affiliates of the Issuer or the Issuer itself may: (i) be the counterparty to the hedge of the Issuer's obligations under the Notes; or (ii) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes referencing the Reference Obligation. Accordingly, there is a risk that certain conflicts of interest may arise both among the Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of Noteholders.

HSBC Bank plc will be entitled to make certain determinations and judgements under the Conditions of the Notes including (inter alia) as to whether an Early Redemption Event or Credit Event has occurred. In making such determinations and judgements, potential conflicts of interest may exist between the Issuer, the Calculation Agent and the Noteholders. HSBC Bank plc does not act as a fiduciary for or as an adviser to any of the Noteholders in respect of any such determination or judgement or otherwise.

***Commission and cost of hedging***

The original issue price of the Notes may include the distribution commission or fee charged by the Issuer and/or its affiliates and the cost or expected cost of hedging the Issuer's obligations under the Notes.



Accordingly, there is a risk that, upon issue, the price, if any, at which the Issuer or its affiliates would be willing to purchase Notes from the investor in the secondary market would be lower than the original issue price. Such fee, commission and cost of hedging may also be deducted from the redemption amount payable upon early termination of the Notes. In addition, any such prices may differ from values determined by pricing models used by the Issuer or affiliates as a result of such compensation or other transaction costs.

#### ***Hedging activities of the Issuer and affiliates***

The Issuer or its affiliates may carry out hedging activities related to the Notes, including purchasing the Reference Obligation, but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Reference Obligation on a regular basis as part of their securities businesses. Any of these activities could potentially affect the value of the Reference Obligation and, accordingly, the value of the Notes.

#### ***Certain considerations regarding hedging***

Investors intending to purchase Notes to hedge against the market risk associated with investing in the Reference Obligation should recognise that there is a risk that the value of the Notes may not exactly correlate with the value of the Reference Obligation. There is no assurance that their value will correlate with movements of the Reference Obligation. This is, in part, due to fluctuating supply and demand for the Notes. Accordingly, investors who invest in Notes as a means of hedging may be exposed to risks arising out of such differences in value.

#### ***Change of law***

The Conditions and the Additional Conditions are based on English law and United Kingdom tax law in effect as at the date of this Prospectus. There is a risk that the interpretation and/or effect of the Conditions and the Additional Conditions may be subject to change in such a manner as to adversely affect the contractual rights of holders of the Notes. The value of the Notes may also be affected by changes in the laws of the jurisdiction of the Reference Entity.

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

#### ***Clearing systems***

Because Notes may be held by or on behalf of Euroclear and Clearstream, investors will be able to trade their interests only through the relevant clearing system. Investors are therefore subject to the risk of those settlement procedures failing such that payments due under the Notes may be delayed and that book entries or entries in the register are entered incorrectly which may lead to difficulties with an investor asserting ownership of its Notes.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the global Notes. Holders of interests in the global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

#### ***Notes with multiple denominations***

Where the Notes are specified as having a denomination consisting of a minimum denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in the clearing systems in amounts in excess of such minimum denomination that are not integral multiples of the minimum denomination. In such a case, should Definitive Notes be required to be issued, Noteholders who, as a result of trading such amounts, hold a principal amount that is less than the minimum denomination may not receive a Definitive Note in respect of such holdings and would need to purchase a principal amount of Notes such that their holding amounts to, or is an integral multiple of, the minimum denomination.

### ***Modification, waiver and substitution***

Investors in the Notes are subject to the risk that modifications to the Conditions of the Notes may be made without the consent of any Noteholders, as the case may be, where the Issuer determines that:

- the modification is not materially prejudicial to the interests of the Noteholders as a whole;
- where the modification of the Notes is of a formal, minor or technical nature or is made to correct a manifest error or comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or
- where the Conditions are inconsistent with the termsheet relating to the relevant Notes.

There is a commercial risk that the obligations of the Noteholder will be owed by a principal debtor other than the Issuer. The Notes permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes, **provided that** the Issuer provides a guarantee.

### ***Applicable Bank Resolution Powers***

The EU Bank Recovery and Resolution Directive (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") provides an EU-wide framework for the recovery and resolution of credit institutions and their parent companies and other group companies. The BRRD is designed to provide relevant authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. In the United Kingdom the Banking Act 2009 (the "**Banking Act**") implements the provisions of the BRRD.

### ***Statutory Intervention Powers***

The Issuer is subject to the Banking Act which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the Bank of England, the Prudential Regulation Authority and/or the United Kingdom Financial Conduct Authority (each a "**relevant UKRA**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include the Notes issued by the Issuer under the Programme), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the Bank of England; (b) override any default provisions, contracts or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

### ***Power to reduce Noteholders' claims***

The powers granted to the relevant UKRA also include powers to vary or extinguish the claims of certain creditors. These powers include a "write-down and conversion of capital instruments" power and a "bail-in" power.

The write-down and conversion of capital instruments power may be used where the relevant UKRA has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital instruments is required (however the use of the write-down power does not preclude a subsequent use of the bail-in power) or where the conditions to resolution are met. Any write-down effected using this power must reflect the insolvency priority of the written-down claims – thus common equity must be written off in full before subordinated debt is affected. Where the write-down and conversion of capital instruments power is used, the write-down is permanent and investors receive no compensation (save that common equity tier 1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard.

The bail-in power gives the relevant UKRA the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution or its holding company, to convert certain debt claims (which could be amounts payable under the Notes) into another security, including ordinary shares of the surviving entity, if any and/or to amend or alter the terms of such claims, including the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period. The Banking Act requires the relevant UKRA to apply the bail-in power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the relevant UKRA must write-down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) eligible senior claims. As a result, subordinated Notes which qualify as capital instruments may be fully or partially written down or converted even where other subordinated debt that does not qualify as capital is not affected. This could effectively subordinate such Notes to the Issuer's other subordinated indebtedness that is not additional tier 1 or tier 2 capital. The claims of some creditors whose claims would rank equally with those of the Noteholders may be excluded from bail-in. The more of such creditors there are the greater will be the impact of bail-in on the Noteholders.

Although the exercise of bail-in power under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Issuer or not directly related to the Issuer) which the relevant UKRA would consider in deciding whether to exercise such power with respect to the Issuer and its securities (including the Notes). Moreover, as the relevant UKRA may have considerable discretion in relation to how and when it may exercise such power, holders of the Issuer's securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Issuer and its securities.

#### ***Powers to direct restructuring of the Issuer and its subsidiaries***

As well as a write-down and conversion of capital instruments power and a bail-in power, the powers of the relevant UKRA under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). In addition, the Banking Act gives the relevant UKRA power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinue the listing and admission to trading of debt instruments.

The exercise by the relevant UKRA of any of the above powers under the Banking Act may limit the Issuer's capacity to meet its repayment obligation under the Notes and the exercise of any such powers (including especially the write-down and conversion of capital instruments power and the bail-in power) could lead to the holders of the Notes losing some or all of their investment.

Moreover, trading behaviour in relation to the securities of the Issuer (including the Notes), including market prices and volatility, may be affected by the use of, or any suggestion of the use of, these powers and accordingly, in such circumstances, the Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. There can be no assurance that the taking of any actions under the Banking Act by the relevant UKRA or the manner in which its powers under the Banking Act are exercised will not materially adversely affect the rights of holders of the Notes, the market value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

Although the BRRD also makes provision for public financial support to be provided to an institution in resolution subject to certain conditions, it provides that the financial public support should only be used as a last resort after the relevant UKRA has assessed and exploited, to the maximum extent practicable, all the resolution tools, including the bail-in power. Accordingly, it is unlikely that investors in the Notes will benefit from such support even if it were provided.

### ***Taxation in relation to the Notes***

Transactions involving Notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Stamp duty, stamp duty reserve tax and/or similar transfer taxes may be payable on any conveyance or transfer (actual or deemed) or agreement to transfer assets in cases where obligations of the Issuer under the Notes are or may be physically settled.

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

### ***Meetings of Noteholders***

Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority, so investors in the Notes are subject to the risk that the Conditions may be modified without their consent.

### **Emerging Markets Risk Factors**

#### ***General Emerging Markets Risk***

The Notes are linked to securities issued by the government of an emerging market. Investors in emerging markets or securities linked to emerging markets should be aware that these markets are subject to greater risks than well developed western markets, including in some cases significant legal and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. As a rule, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

#### ***Possible Negative Effects on the Notes***

There may be a high degree of uncertainty and volatility associated with obligors from emerging market countries (including the Reference Entity) and the performance and payment under the Notes may be directly impacted by certain political, economic and legal events and conditions. The price of the Reference Obligations (which are linked to an emerging market country) may therefore be volatile and investment in the Notes (which are credit-linked and market-linked to such Reference Obligations) will involve additional risks and special considerations not typically associated with investing in credit-linked Notes which are linked to other more established economies. Such risks may include:

- (a) restrictions on foreign investment and on repatriation of capital invested in emerging markets;
- (b) currency exchange rate fluctuations;
- (c) potential price volatility and lesser liquidity of securities traded in emerging markets;
- (d) social, economic and political risks, including the risk of nationalisation or expropriation of assets, diplomatic developments, war, revolution, confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investment in foreign nations;
- (e) lower levels of disclosure and regulation in foreign securities markets than in similar markets in developed countries;
- (f) risks related to custodial arrangements and delays or other factors in the settlement of securities transactions; and

- (g) accounting, auditing, financial and other reporting standards in emerging markets are not equivalent to those in more developed markets.

There may be a high degree of government regulation in such markets. Action by governments may directly affect foreign investment in companies in those countries and may also have a significant indirect effect on the price which may be achieved on the realisation of investments, all of which may affect the value of the Notes.

The value of Notes which are linked to a Reference Entity which is an emerging market country (or incorporated in an emerging market country) may be directly affected by changes in government policies, taxation, restrictions on foreign investment and on foreign currency convertibility and repatriation, and other developments in the legal, regulatory and political climate which may occur without advance notice or retrospectively. Governments of some emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the prices and yields of securities linked to such emerging market countries.

#### ***Legal and Regulatory Framework***

The sophisticated legal and regulatory systems necessary for the proper and efficient functioning of modern capital markets may yet to have been developed in some emerging market countries. A high degree of legal uncertainty may therefore exist as to the nature and extent of investors' rights and the ability to enforce those rights in the courts. Many advanced legal concepts which now form significant elements of mature legal systems are not yet in place or, if they are in place, have yet to be tested in the courts. It is difficult to predict with any degree of certainty the outcome of judicial proceedings (often because the judges themselves have little or no experience of complex business transactions), or even the quantum of damages which may be awarded following a successful claim. It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of an obligor is located.

#### ***Settlement Procedures***

Many emerging market countries have only recently developed organised securities markets, and the institutions on which they depend, with the result that the procedures for settlements, clearing and registration of securities transactions can give rise to technical and practical problems. In the worst cases this may lead to disputes over title to securities; in other cases, inefficient systems may result in delayed payments. In addition, since most emerging markets have civil law systems, which do not recognise a distinction between legal and beneficial ownership, it is not usually possible to use nominees. Risks may also arise in relation to local custody arrangements; the provision of custody services is a relatively novel practice in most emerging markets, and the controls put in place in more mature markets may not be available.

#### ***Exchange controls and repatriation of profits***

Most emerging market countries operate exchange controls affecting the transfer of funds in and out of the country and the convertibility of the local currency. In some cases the currency is non-convertible although many currencies are "semi-convertible". Particular care must be taken to ensure that exchange control formalities are complied with and all relevant licences are obtained. Moreover the value of investments can fluctuate significantly due to volatile exchange rates and high inflation. Some countries also impose restrictions on the ability of foreign investors to repatriate profits or the proceeds of sale of their investments without an official permit.

#### ***Market liquidity***

The stock exchanges of emerging market countries are generally much smaller (in terms of market capitalisation, turnover, and number of stocks traded) than their more developed counterparts. This in itself can affect the value of an investment and is likely to result in increased price volatility.

### ***Accounting standards***

In some emerging market countries, accounting standards and practices vary significantly from internationally accepted standards. It is therefore difficult to obtain reliable historic financial information even where accountancy laws have been reformed to bring them into line with international standards (a problem which hyper-inflation has exacerbated in some markets). Great care must therefore be taken to assess asset and business valuations. Obligors in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to obligors located in developed countries.

### ***Political risks***

A common feature of emerging markets countries is the rapid pace of political and social change, often related to the transition from a centrally planned economy to a modern market economy. Far reaching political reforms have inevitably resulted in new constitutional and social tensions, and the possibility of continuing instability and even a reaction against market reforms cannot be discounted. There is a particular risk in these countries that guarantees of investor protection may not always be honoured, and that policies encouraging foreign investment may be abandoned or reversed. At worst, this could lead to renationalisation of privatised industries and expropriation of private property without compensation. However, a number of relevant countries have investment protection and promotion agreements which give an added degree of protection from such risks.

### ***Economic risks***

The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and the balance of payments position. Investment performance can be affected by the nature of the underlying economic infrastructure, which in many emerging market countries is significantly less developed than in mature economies. Poor telecommunications and transport systems, and inefficient banking sectors, may hinder business development. The limited supply of domestic savings, coupled with the absence of mechanisms and institutions through which new capital can easily be raised, may give rise to problems in obtaining funding. In some cases the high level of external debt has exacerbated this problem. Other concerns which investors should take into account are inconsistent and restrictive tax regimes, and potential liability for inherited environmental problems. Industrial pollution has often gone unchecked for decades, whilst tough new legislation may impose heavy financial penalties on the new owners of a business or property. In the past, a number of emerging market countries' markets have experienced significant adverse economic developments, including substantial depreciation in currency exchange rates against major currencies, increased interest rates and inflation, reduced economic growth rates, increases in foreign currency debts, corporate bankruptcies, declines in market values of listed shares and government-imposed austerity measures.

### ***Disclosure and information***

The level of disclosure of information relating to a company's business and ownership to shareholders, and to the stock exchange on which its shares are listed, is much less extensive in most emerging markets than in more sophisticated markets. Although many emerging markets now have insider dealing laws, it cannot be assumed that the regulatory authorities have both the ability and the will to enforce the legislation rigorously. Similarly, although money laundering regulations have been introduced in some jurisdictions, their practical effect has yet to be assessed.

Accordingly, an investor in Notes linked to an emerging market country are subject to the risk that information available on the Reference Obligation which might form the basis of its investment decision in respect of the Notes may be of poorer quality than that available on Reference Obligation linked to well-developed markets and investors may not receive relevant information relating to the Reference Obligation at the same time as other market participants, which may cause price volatility and the market price of the Notes may drop at a later point in time once all relevant information becomes available.

***Restrictions and controls***

Notes may be subject to risk that restrictions and controls on the Reference Obligation are imposed by governments, governmental or regulatory bodies, regulators or exchanges of emerging markets jurisdictions. As a result of such restrictions and controls, potential delays might occur in respect of payments due under the Notes linked to the Reference Obligation or even that funds may not be payable under the Notes on settlement following the exercise, sale, redemption or termination of the Notes. Also, taxes and charges levied in respect of buying and selling debt securities relating to such restrictions and controls may be deducted from amounts payable under the Notes.

## INCORPORATION BY REFERENCE

*This section provides details of the documents incorporated by reference which form part of this Prospectus and which are publicly available.*

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the 2017 Unaudited Consolidated Interim Report of the Issuer and its subsidiary undertakings for the six month period ended 30 June 2017 submitted and filed with the UK Listing Authority (the "**2017 Interim Report and Accounts**");
- (b) sub-paragraph (b) of paragraph 4 of the base prospectus supplement of the Issuer dated 2 August 2017 in relation to the Issuer's Debt Issuance Programme;
- (c) the 2016 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2016 submitted to and filed with the UK Listing Authority (the "**2016 Annual Report and Accounts**") and the additional financial information document in relation to the year ended 31 December 2016 submitted to and filed with the UK Listing Authority (the "**2016 Additional Information**"). The 2016 Additional Information is additional financial information, which is intended to be read in conjunction with the 2016 Annual Report and Accounts, but which is not required to be included in the 2016 Annual Report and Accounts by either the UK Companies Act 2006 (the "**Companies Act**") or by International Financial Reporting Standards. It includes commentary on the results of the Issuer and its subsidiaries (the "**Group**") in 2015 versus 2014 and certain statistics and other information. The 2016 Additional Information was published by the Issuer together with the 2016 Annual Report and Accounts;
- (d) the 2015 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2015 submitted to and filed with the UK Listing Authority (the "**2015 Annual Report and Accounts**") and the additional financial information document in relation to the year ended 31 December 2015 submitted to and filed with the UK Listing Authority (the "**2015 Additional Information**"). The 2015 Additional Information is additional financial information, which is intended to be read in conjunction with the 2015 Annual Report and Accounts, but which is not required to be included in the 2015 Annual Report and Accounts by either the Companies Act or by International Financial Reporting Standards. It includes commentary on the results of the Issuer and its subsidiaries (the "**Group**") in 2014 versus 2013 and certain statistics and other information. The 2015 Additional Information was published by the Issuer together with the 2015 Annual Report and Accounts;
- (e) the Registration Document of the Issuer dated 12 April 2017 submitted to and filed with the UK Listing Authority pursuant to Article 11 of the Prospectus Directive (the "**Registration Document**");

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Prospectus is prepared modifies or supersedes such statement.

Any information incorporated by reference in the above documents does not form part of this Prospectus and to the extent that only certain parts of the above documents are specified to be incorporated by reference herein, the non-incorporated parts of such documents are either not relevant for investors or are covered elsewhere in this Prospectus.

The Issuer will at its registered office and at the offices of the Principal Paying Agent make available for inspection during normal business hours, upon reasonable notice, and free of charge, upon oral or written request, a copy of this Prospectus (or any document incorporated by reference in this Prospectus). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent. Additionally, this Prospectus and all the documents incorporated by reference herein will be available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income investors'). For the avoidance of doubt, any websites referred to in this Prospectus or any information appearing on such websites and pages do not form part of this Prospectus.



## OVERVIEW OF THE NOTES

*Capitalised terms used but not defined in this Overview of the Notes shall have the meanings given to them in the relevant Pricing Supplement, Additional Conditions and Conditions, as applicable and as defined below.*

The Notes are credit-linked to NGN denominated bonds issued by the Federal Republic of Nigeria (the "**Reference Obligation**").

Subject to no Early Redemption Event or Credit Event having occurred or subsisting, the Issuer will pay:

1. on the Maturity Date, an amount in respect of the Notes equal to the amount actually received in the Reference Obligation Currency by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the Reference Obligation Redemption Date (less any applicable taxes or transaction costs), converted from the Reference Obligation Currency at the Exchange Rate on the relevant Exchange Rate Calculation Date; and
2. on each Interest Payment Date, an amount in respect of the Notes equal to the amount actually received in the Reference Obligation Currency by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the immediately preceding Reference Obligation Coupon Payment Date (less any applicable taxes or transaction costs), converted from the Reference Obligation Currency at the Exchange Rate on the relevant Exchange Rate Calculation Date.

Following the occurrence of a Credit Event, the Issuer may elect to redeem all of the Notes by way of Physical Settlement or Cash Settlement.

The terms and conditions of the Notes consist of the "*Terms and Conditions of the Notes*" (the "**Conditions**") supplemented by the "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*" (the "**Additional Conditions**"), and as completed by the Pricing Supplement relating to the Notes, all as set forth in this Prospectus. To the extent that any provisions of the Additional Conditions are inconsistent with the Conditions, such provisions of the Additional Conditions shall prevail. To the extent that any provisions of the Pricing Supplement relating to the Notes are inconsistent with the Conditions or the Additional Conditions, such provisions of the Pricing Supplement shall prevail.

The Reference Obligation is admitted to trading on the Nigerian Stock Exchange, regulated by the FMDQ Nigeria.

## PRICING SUPPLEMENT

Pricing Supplement dated: 20 July 2017

### HSBC Bank plc

(A company incorporated with limited liability in England with registered number 14259)

as Issuer

### Programme for the Issuance of Notes and Warrants

Issue of

### USD 31,357,000 Emerging Market Pass-through Notes referencing NGN denominated bonds issued by the Federal Republic of Nigeria

#### PART A - CONTRACTUAL TERMS

This document constitutes the pricing supplement (the "**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein (the "**Notes**") and must be read in conjunction with the prospectus dated 4 August 2017 (the "**Prospectus**") relating to the Notes. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") and the "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*" (the "**Additional Conditions**") set forth in the Prospectus.

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 Prospectus. The Prospectus is available for viewing at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and [www.hsbc.com](http://www.hsbc.com) (please follow the links to 'Investor relations', 'Fixed income investors') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**It is advisable that investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and this Pricing Supplement. Investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

- |    |                             |                                                                                    |
|----|-----------------------------|------------------------------------------------------------------------------------|
| 1. | Issuer:                     | HSBC Bank plc                                                                      |
| 2. | Tranche number:             | 1                                                                                  |
| 3. | Currency:                   |                                                                                    |
|    | (i) Settlement Currency:    | USD                                                                                |
|    | (ii) Denomination Currency: | USD                                                                                |
| 4. | Aggregate Principal Amount: |                                                                                    |
|    | (i) Series:                 | USD 31,357,000                                                                     |
|    | (ii) Tranche:               | USD 31,357,000                                                                     |
| 5. | (i) Issue Price:            | 82.88472 per cent. of each Note's pro rata share of the Aggregate Principal Amount |
|    | (ii) Commission payable:    | None                                                                               |

	(iii)	Selling concession:	None
6.	(i)	Denomination(s) ( <i>Condition 2</i> ):	USD 150,000 and integral multiples of USD 1,000 in excess thereof up to and including USD 299,000. No Notes in definitive form will be issued with a denomination above USD 299,000.
	(ii)	Calculation Amount:	USD 1,000
	(iii)	Aggregate Outstanding Nominal Amount Rounding:	Not applicable
7.	(i)	Issue Date:	21 July 2017
	(ii)	Interest Commencement Date:	Not applicable
	(iii)	Trade Date:	5 July 2017
8.		Maturity Date: ( <i>Condition 7(a)</i> )	Two Business Days following the Exchange Rate Calculation Date relating to the Reference Obligation Redemption Amount, subject to the provisions of paragraph 3 ( <i>Early Redemption as a result of a Credit Event</i> ) and paragraph 4 ( <i>Early Redemption as a result of an Early Redemption Event</i> ) of " <i>Additional Terms and Conditions relating to Emerging Market Pass-through Notes</i> " as set out in the Prospectus, subject to the provisions of this Pricing Supplement.
9.		Interest basis: ( <i>Conditions 4 to 6</i> )	Notwithstanding paragraph 1 ( <i>Interest Amounts</i> ) of " <i>Additional Terms and Conditions relating to Emerging Market Pass-through Notes</i> " as set out in the Prospectus, on each Interest Payment Date, subject to no Early Redemption Event or Credit Event having occurred or subsisting, the Issuer will pay an amount of interest in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of: <ul style="list-style-type: none"> <li>(i) (A) the amount actually received in the Reference Obligation Currency by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the immediately preceding Reference Obligation Coupon Payment Date (such amount, the "<b>Reference Obligation Coupon</b>") less (B) an amount equal to: (x) the product of the Reference Obligation multiplied by 0.5% and divided by the Reference Obligation Coupon Percentage, plus (y) any applicable taxes and/or incidental transaction costs incurred in connection with the Notional Holder's holding and/or the payment of interest on such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment</li> </ul>

Event; and

- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day,

converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date, (each an "**Interest Amount**").

10. Redemption basis:  
(*Condition 7*) Unless redeemed or purchased and cancelled earlier, and save as otherwise provided herein, the Notes will be redeemed pursuant to paragraph 2 (*Final Redemption*) of "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*" as set out in the Prospectus, subject to the provisions of this Pricing Supplement.

11. Change of interest or redemption basis: Not applicable

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

12. Fixed Rate Note provisions:  
(*Condition 4*) Not applicable

13. Floating Rate Note provisions:  
(*Condition 5*) Not applicable

14. Zero Coupon Note provisions:  
(*Condition 6*) Not applicable

15. Index-Linked Interest Note/other variable-linked interest Note Provisions: Not applicable

#### **PROVISIONS RELATING TO REDEMPTION**

16. Issuer's optional redemption (Call Option):  
(*Condition 7(c)*) Not applicable

17. Noteholder's optional redemption (Put Option):  
(*Condition 7(d)*) Not applicable

18. Final Redemption Amount:  
(*Condition 7(a)*) The Notes will be redeemed pursuant to Condition 7(a) (*Final Redemption*).

19. Final Redemption Amount in cases where the Final Redemption Amount is Index-Linked or other variable-linked: Not applicable

20. Instalment Notes:  
(*Condition 7(a)*) Not applicable

21. Early Redemption: Yes

- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality):  
(*Conditions 7(b) or 7(f)*) Subject to paragraph 21(iii) below and the delivery of a Notice of Cash Settlement by the Issuer in accordance with paragraph 4 (Early Redemption as a result of an Early Redemption Event) of "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*", an amount

in respect of each Calculation Amount equal to such Calculation Amount's *pro rata* share of the Cash Settlement Amount determined in, and payable in the manner set out in, "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*", subject to the following two paragraphs.

The following paragraph will be added as an additional, final paragraph to paragraph 4 (*Early Redemption as a result of an Early Redemption Event*) of "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*":

"From and including the date on which the Issuer has notified the Noteholders of the occurrence of an Early Redemption Event to the date on which the Issuer delivers a Notice of Cash Settlement or Notice of Physical Settlement (as applicable) to the Noteholders, the Calculation Agent will continue in good faith to attempt to convert the Reference Obligation Currency to Settlement Currency. If the Calculation Agent is able to convert the Reference Obligation Currency to Settlement Currency prior to delivering a Notice of Cash Settlement or Notice of Physical Settlement (as applicable), then Cash Settlement or Physical Settlement (as applicable, as the Issuer may otherwise have elected) will not take place, and any amount will be payable on the applicable Interest Payment Date or Maturity Date. For the avoidance of doubt, no fees or interest will be payable to Noteholders in relation to the occurrence of any Inconvertibility Event."

- (ii) Early Redemption Amount (upon redemption following an Event of Default):  
(*Condition 11*)

Subject to paragraph 21(iii) below and the delivery of a Notice of Cash Settlement by the Issuer in accordance with paragraph 4 (*Early Redemption as a result of an Early Redemption Event*) of "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*", an amount in respect of each Calculation Amount equal to such Calculation Amount's *pro rata* share of the Cash Settlement Amount determined in, and payable in the manner set out in, "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*", subject to the following two paragraphs.

The following paragraph will be added as an additional, final paragraph to paragraph 4 (*Early Redemption as a result of an Early Redemption Event*) of "*Additional Terms and Conditions relating to Emerging Market Pass-through Notes*":

"From and including the date on which the Issuer has notified the Noteholders of the occurrence of an Early Redemption Event to the date on which the Issuer delivers a Notice of Cash Settlement or Notice of Physical Settlement (as applicable) to the Noteholders, the Calculation Agent will continue in good faith to attempt to convert the Reference

Obligation Currency to Settlement Currency. If the Calculation Agent is able to convert the Reference Obligation Currency to Settlement Currency prior to delivering a Notice of Cash Settlement or Notice of Physical Settlement (as applicable), then Cash Settlement or Physical Settlement (as applicable, as the Issuer may otherwise have elected) will not take place, and any amount will be payable on the applicable Interest Payment Date or Maturity Date. For the avoidance of doubt, no fees or interest will be payable to Noteholders in relation to the occurrence of any Inconvertibility Event.”

(iii) Other redemption provisions: In Condition 7(b) (*Redemption for Taxation Reasons*), the words "(each, a "Tax Redemption Event")" shall be inserted at the end of paragraph (ii) of that Condition before the semi-colon.

In Condition 7(f) (*Illegality*), the words "(the "Illegality Redemption Event")" shall be inserted at the end of the second sentence in that Condition before the full stop.

Notwithstanding any other provisions of Condition 7(b), (*Redemption for Taxation Reasons*), 7(f) (*Illegality*) or 11 (*Events of Default*), a Tax Redemption Event, an Illegality Redemption Event and an Event of Default shall, for the purposes of this Series of Notes, be deemed to be an Early Redemption Event and the provisions of paragraph 4 (*Early Redemption as a result of an Early Redemption Event*) of "Additional Terms and Conditions relating to Emerging Market Pass-through Notes" of the Prospectus shall, in each case, apply accordingly.

(iii) Settlement options: Issuer Option  
(paragraphs 3 and 4 of *Additional Terms and Conditions relating to Emerging Market Pass-through Notes*))

(iv) Deliverable Obligations: Reference Obligation  
(paragraph 5 (Physical Settlement) of *Additional Terms and Conditions relating to Emerging Market Pass-through Notes*))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. Form of Notes:  
(*Condition 2(a)*)

(i) Form of Notes: Bearer Notes  
(ii) Bearer Notes exchangeable for Registered Notes: No

23. New Global Note: No

24. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: Yes, the Temporary Global Note will be exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in certain circumstances specified in the Permanent Global Note.
  - (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: (Condition 2(a)) No. Paragraph (c) of the Permanent Global Note does not apply. The Issuer may not elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (c) of the Permanent Global Note.
  - (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: Yes
  - (iv) Coupons to be attached to Definitive Notes: No
  - (v) Talons for future Coupons to be attached to Definitive Notes: No
25. Exchange Date for exchange of Temporary Global Note: Not earlier than 40 days following the Issue Date
26. If issued in registered form: Not applicable
27. Payments: (Condition 9)
- Relevant Financial Centre Day: London, New York and Lagos
28. Redenomination: (Condition 10) Not applicable
29. Other terms: As set out in Schedule 1 hereto
30. Valuation Date: Not applicable

## **DISTRIBUTION**

- 31. (i) If syndicated, names of Relevant Dealer(s): Not applicable
  - (ii) If syndicated, names of other Dealers (if any): Not applicable
32. Selling restrictions: For Bearer Notes: TEFRA D Rules
- United States of America: Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a U.S. person (as defined in Regulation S).
33. Exemption(s) from requirements under the Prospectus Directive: The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)
34. Additional U.S. federal income tax: Not applicable. The Notes are not Section 871(m)

considerations:

Notes for the purposes of Section 871(m).

35. Additional selling restrictions:

Not applicable.

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....



**SCHEDULE 1**  
**ADDITIONAL PRICING SUPPLEMENT FOR**  
**EMERGING MARKET PASS-THROUGH NOTES**

Trade Date:	5 July 2017
Financial Centre (for purposes of paragraph 8(1)):	Lagos
Business Centres (for purposes of definition of Business Day (paragraph 9)):	London, New York and Lagos
Settlement Currency:	USD
<b>Terms relating to determination of Exchange Rate (paragraph 9):</b>	
Determination Time:	At or around 11 a.m. (London time) or, if payments are received later by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation, such time as the Calculation Agent reasonably determines
<b>Terms relating to Inconvertibility Event (paragraph 9):</b>	
Applicable Currencies:	USD/ NGN
<b>Terms relating to Reference Entity and Reference Obligation:</b>	
Name of Reference Entity:	Federal Republic of Nigeria
<b>Reference Obligation:</b>	
1. Maturity:	18 March 2036
2. Coupon:	12.40 per cent. (the " <b>Reference Obligation Coupon Percentage</b> ")
3. Minimum Denomination:	NGN 10,000
4. CUSIP/ISIN/Bloomberg:	NGFG132036S8
5. Expected Reference Obligation Coupon Payment Dates:	Semi-annually from and including 18 September 2017 to and including the Reference Obligation Maturity.
6. Reference Obligation Currency:	NGN
7. Reference Obligation Jurisdiction:	Federal Republic of Nigeria
8. Reference Obligation Principal Amount:	NGN 11,487,909,000

## **PART B - OTHER INFORMATION**

### **1. LISTING**

- (i) Listing: Application will be made to admit the Notes to listing on the Official List of the United Kingdom Financial Conduct Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 after the Issue Date. No assurance can be given as to whether or not, or when, such application will be granted.
- (ii) Admission to trading: Application will be made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc after the Issue Date. No assurance can be given as to whether or not, or when, such application will be granted.

### **2. RATINGS**

Ratings: The Notes are not rated.

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees or expenses payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. The Dealer and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

### **4. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

The Reference Obligation is admitted for trading on the Nigerian Stock Exchange, regulated by the FMDQ Nigeria. Information on the past and future performance of the Reference Obligation can be obtained from the following Bloomberg display page: "FMDQ"

### **OPERATIONAL INFORMATION**

5. ISIN Code: XS1646518784
6. Common Code: 164651878
7. CUSIP: Not applicable
8. Valoren Number: Not applicable
9. SEDOL: Not applicable
10. WKN: Not applicable
11. Intended to be held in a manner which would allow Eurosystem eligibility: No
- Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes 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. 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.

- |     |                                                                                                                    |                          |
|-----|--------------------------------------------------------------------------------------------------------------------|--------------------------|
| 12. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | None.                    |
| 13. | Delivery:                                                                                                          | Delivery against payment |
| 14. | Settlement procedures:                                                                                             | Eurobond                 |
| 15. | Additional Paying Agent(s) (if any):                                                                               | Not applicable           |
| 16. | Common Depositary:                                                                                                 | HSBC Bank plc            |
| 17. | Calculation Agent:                                                                                                 | HSBC Bank plc            |

## ADDITIONAL TERMS AND CONDITIONS RELATING TO EMERGING MARKET PASS-THROUGH NOTES

### 1. **Interest Amounts**

On each Interest Payment Date, subject to no Early Redemption Event or Credit Event having occurred or subsisting, the Issuer will pay an amount of interest in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of:

- (i) (A) the amount actually received in the Reference Obligation Currency by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the immediately preceding Reference Obligation Coupon Payment Date (such amount, the "**Reference Obligation Coupon**") less (B) an amount equal to any applicable taxes and/or incidental transaction costs incurred in connection with the Notional Holder's holding and/or the payment of interest on such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment Event; and
- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day,

converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date, (each an "**Interest Amount**").

### 2. **Final Redemption**

Subject to no Early Redemption Event or Credit Event having occurred or subsisting (in respect of which the Issuer intends to elect to redeem the Notes pursuant to paragraph 3 or paragraph 4, as applicable), on the Maturity Date the Issuer will pay an amount in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of:

- (i) (A) the amount actually received in the Reference Obligation Currency by a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the Reference Obligation Redemption Date (the "**Reference Obligation Redemption Amount**") less (B) an amount equal to any applicable taxes and or transaction costs incurred in connection with the Notional Holder's holding and/or the redemption of such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment Event; and
- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day,

converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date.

### 3. **Early Redemption as a result of a Credit Event**

As soon as reasonably practicable following the occurrence of a Credit Event, and:

- (a) if "Issuer Option" is specified as being applicable in the relevant Pricing Supplement, the Issuer will notify the Noteholders:
  - (i) of the occurrence of such Credit Event; and
  - (ii) whether the Issuer will redeem all (but not some only) of the Notes as a result of the occurrence of such Credit Event.

If the Issuer elects to redeem the Notes, the Issuer will notify the Noteholders whether such redemption will be by way of Physical Settlement or Cash Settlement on or before the thirtieth Business Day following the occurrence of such Credit Event (such notice being either a "**Notice of Cash Settlement**" or "**Notice of Physical Settlement**"); or

- (b) if "Physical Settlement" is specified as being applicable in the relevant Pricing Supplement, the Notes will be redeemed by way of Physical Settlement and the Issuer will deliver a Notice of Physical Settlement on or before the tenth Business Day following the occurrence of such Credit Event.

#### 4. **Early Redemption as a result of an Early Redemption Event**

As soon as reasonably practicable following the occurrence of an Early Redemption Event, and:

- (a) if "Issuer Option" is specified as being applicable in the relevant Pricing Supplement, the Issuer will notify the Noteholders:
  - (i) of the occurrence of such Early Redemption Event; and
  - (ii) whether the Issuer will redeem all (but not some only) of the Notes as a result of the occurrence of such Early Redemption Event.

If the Issuer elects to redeem the Notes, the Issuer will deliver a Notice of Cash Settlement or Notice of Physical Settlement (as applicable) to the Noteholders on or before the tenth Business Day following the occurrence of such Early Redemption Event; or

- (b) if "Physical Settlement" is specified as being applicable in the relevant Pricing Supplement, the Notes will be redeemed by way of Physical Settlement and the Issuer will deliver a Notice of Physical Settlement on or before the tenth Business Day following the occurrence of such Early Redemption Event.

#### 5. **Physical Settlement**

If Physical Settlement applies, the Issuer shall redeem all the Notes by Delivery (or procuring Delivery on its behalf) on or prior to the Physical Settlement Date to each Noteholder of such Noteholder's *pro rata* share (rounded down as necessary pursuant to the following paragraph) of an amount of Deliverable Obligations with an aggregate outstanding principal amount equal to (i) the Reference Obligation Principal Amount less (ii) an outstanding principal amount of Deliverable Obligations the sale proceeds of which the Calculation Agent (acting in good faith and a commercially reasonable manner) determines are required to cover all taxes, costs and expenses incurred by the Issuer (or its designated agent or affiliate) in relation to such Delivery. If it is illegal, impossible or impracticable to Deliver Deliverable Obligations to a Noteholder (including, without limitation because such Noteholder has failed to provide the relevant valid local account details to effect Physical Settlement), Cash Settlement shall be deemed to apply in respect of the relevant Notes, *mutatis mutandis* and the Physical Settlement Date shall be deemed to be the date of the Notice of Cash Settlement.

If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Note to be redeemed is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, zero. In such circumstances (a "**Partial Cash Settlement Event**"), the Issuer shall in addition pay an amount in respect of each Note on the Physical Settlement Date equal to such Note's *pro rata* share of an amount equal to the product of (i) the principal amount of such Deliverable Obligations and (ii) the Final Price (for which purposes the Valuation Process shall be construed accordingly and the Valuation Date shall be two Business Days following the date of the Notice of Physical Settlement), less an amount equal to all taxes, costs and expenses incurred by the Issuer or its designated agent or affiliate in relation to such settlement, as determined by the Calculation Agent, acting in a commercially reasonable manner, converted into the Settlement Currency at the Exchange Rate on the day that is the number of days preceding the Physical

Settlement Date in order for such conversion to settle on the Physical Settlement Date and rounded down to the nearest sub-unit of the Settlement Currency.

If the Calculation Agent determines, in good faith and a commercially reasonable manner, that it is unlawful, impossible, or otherwise impracticable to convert such amount, including but not limited to as a result of an Inconvertibility Event, notwithstanding the above, the Issuer may pay the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency.

6. **Cash Settlement**

If Cash Settlement applies, the Issuer shall redeem all the Notes on the Cash Settlement Date by payment (or procuring payment on its behalf) to each Noteholder of such Noteholder's *pro rata* share of an amount equal to the product of (i) the Reference Obligation Principal Amount and (ii) the Final Price, less an amount equal to all taxes, costs and expenses incurred by the Issuer or its designated agent or affiliate in relation to such settlement, as determined by the Calculation Agent, acting in a commercially reasonable manner converted into the Settlement Currency at the Exchange Rate on the day that is the number of days preceding the Cash Settlement Date in order for such conversion to settle on the related Cash Settlement Date and rounded down to the nearest sub-unit of the Settlement Currency (the "**Cash Settlement Amount**").

If the Calculation Agent determines, that it is unlawful, impossible, or otherwise impracticable to redeem any outstanding Note by payment of the Cash Settlement Amount, including but not limited to as a result of an Inconvertibility Event, notwithstanding the above, the Issuer may redeem such Note by payment of the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency.

7. **Adjustment Provisions**

Upon the occurrence of an Adjustment Event, notwithstanding anything to the contrary in the Conditions of the Notes, any amounts payable (or which subsequently become due and payable) by the Issuer in respect of each Note shall be reduced by such Note's *pro rata* share of any loss suffered, or costs or expenses incurred, by the Issuer (or its agents or affiliates) in connection with the Notes as a result of the occurrence of the Adjustment Event, so as to put the Issuer, its agents or affiliates, as the case may be, in the same position in which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would have been but for the occurrence of the Adjustment Event, as determined by the Calculation Agent, acting in good faith and a commercially reasonable manner, and for the avoidance of doubt, without any double counting.

8. **Local Settlement Provisions**

Each Noteholder must deliver a written notice (the "**Notice of Noteholder's Details**") to the Paying Agent and to Euroclear or Clearstream, Luxembourg, with a copy to the Issuer, no later than five Business Days following the delivery of the Notice of Cash Settlement or Notice of Physical Settlement, as the case may be. The Notice of Noteholder's Details must:

- (1) specify (i) all the "KYC Information" requested by the Issuer in the Notice of Cash Settlement or Notice of Physical Settlement, including the name and address of the relevant Noteholder; (ii) a valid local account in the specified Financial Centre ("**Noteholder's Local Account**") to be used by the Issuer to effect Cash Settlement or Physical Settlement, as the case may be, and (iii) a contact person from whom the Issuer may obtain any additional details for such Cash Settlement or Physical Settlement;
- (2) specify the nominal amount of Notes which are the subject of the Notice of Noteholder's Details and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the redemption date;
- (3) authorise the production of such Notice of Noteholder's Details in any applicable administrative or legal proceedings; and

- (4) attach a screenshot from the relevant clearing system verifying that the Noteholder is the legal owner of the Notes and confirming that transfer of such Notes is blocked.

No Notice of Noteholder's Details may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be. After delivery of a Notice of Noteholder's Details, the relevant Noteholder may not sell, transfer or assign the Notes which are the subject of such Notice for settlement purposes.

Failure to properly complete and deliver a Notice of Noteholder's Details may result in such notice being treated as null and void.

**Provided that** the Issuer has received a valid Notice of Noteholder's Details (and any additional information that the Issuer in its sole and absolute discretion, acting in good faith and a commercially reasonable manner, deems necessary to verify the ownership of the Notes), the Issuer shall redeem (or appoint an affiliate or agent to settle on its behalf) the Notes pursuant to paragraph 5 (*Physical Settlement*) and/or paragraph 6 (*Cash Settlement*) (as applicable) by paying and/or delivering to the Noteholder's Local Account on the redemption date.

Neither the Issuer nor its agent(s) or affiliate(s) shall be responsible for any delay in payment that is caused as a result of it or any agent or representative of it, taking reasonable steps to verify that the person delivering the notice is a Noteholder holding through Euroclear and shall pay no interest or other payment in respect of any such delay.

Noteholders waive their right to receive Cash Settlement or Physical Settlement, as the case may be, through the relevant clearing system.

If an Inconvertibility Event is continuing and any payment cannot be completed within 6 calendar months of the date on which the Inconvertibility Event first occurred, each Note shall be immediately deemed to have been redeemed in full with no further obligation for the Issuer following the date falling 6 months after the date on which the Inconvertibility Event first occurred.

## 9. **Additional Definitions**

Capitalised terms used but not defined in these Additional Terms and Conditions or in the Conditions shall have the meanings given to them in the relevant Pricing Supplement. In addition, the following terms shall have the following meanings:

**"Adjustment Event"** means the occurrence of any of the following events: (i) a Market Disruption Event; (ii) a Residual Risk Event; (iii) a Settlement Event; (iv) a Custodial Event; or (v) a Tax Event.

**"Applicable Currencies"** has the meaning given to it in the relevant Pricing Supplement.

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments generally in London and:

- (i) in relation to any sum payable in euro, a Euro Business Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Business Centre and on which the relevant Clearing System is open for business; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the principal financial centre of the relevant currency and in each (if any) Business Centre and on which the relevant Clearing System is open for business;

**"Cash Settlement Date"** means 5 Business Days following the date on which the Final Price is determined.

**"Credit Event"** means the occurrence of one or more of a Failure to Pay, an Obligation Default, an Obligation Acceleration, a Repudiation/Moratorium and a Restructuring (as determined by the

Calculation Agent). 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,
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any 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.

**"Custodial Event"** means the Custodian is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**"Custodian"** means, if the Issuer or any of its affiliates (or any agent thereof) is holding the Reference Obligation by way of a custody arrangement with a custodian (howsoever described), such custodian or any custodian appointed by the custodian.

**"Dealer"** means a dealer (other than the Issuer or a Noteholder or any affiliate thereof) in obligations of the same type as the Reference Obligation for which Full Quotations are to be obtained, selected by the Calculation Agent in good faith and in a commercially reasonable manner.

**"Default Requirement"** means USD 1,000,000 or its equivalent in any other currency, as of the occurrence of the relevant Credit Event, as determined by the Calculation Agent.

**"Deliver"** means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the relevant Deliverable Obligation (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence or right of set-off by or of the Reference Entity) **provided that** to the extent that the Deliverable Obligations consist of Direct Loan Participations, **"Deliver"** means to create (or procure the creation) of a participation in favour of the Noteholder. **"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.

**"Deliverable Obligations"** shall mean either Obligations or Reference Obligations as specified in the relevant Pricing Supplement;

**"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 favor of the Noteholder that provides the 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 the Noteholder and the Issuer.

**"Early Redemption Event"** means the occurrence of an Inconvertibility Event.



**"Exchange Rate"** means, on any date, the spot exchange rate at or around the Determination Time on such date at which the Issuer is actually able to convert the Reference Obligation Currency into the Settlement Currency for delivery in two Business Days, as determined by the Calculation Agent, acting in a commercially reasonable manner.

**"Exchange Rate Calculation Date"** means each date on which a Notional Holder would actually receive a Reference Obligation Redemption Amount or a Reference Obligation Coupon, or if such day is not a Business Day, the next following Business Day or if an Inconvertibility Event has occurred but a Notice of Cash Settlement or Notice of Physical Settlement, as applicable, has not been delivered, the first date on which the Calculation Agent is able to convert the Reference Obligation Currency to Settlement Currency.

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

**"Final Price"** means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Process.

**"Full Quotation"** means each firm quotation obtained at 11.00 a.m. (London time) by the Calculation Agent from a Dealer, expressed as a percentage, for an amount of the Reference Obligation equal to the Reference Obligation Principal Amount for settlement in accordance with the then current market practice in respect of the Reference Obligation, as determined by the Calculation Agent.

**"Governmental Authority"** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**"Hard Currency"** means any of the lawful currencies of Canada, the Federal Republic of Germany, Japan, the Republic of France, the Republic of Italy, the United Kingdom and the United States of America and the Euro (and any successor currency to any such currency).

**"Inconvertibility Event"** means the occurrence of any event or existence of any condition, including without limitation any such event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of any change in or amendment to any law, rule or regulation by the Government of the Reference Obligation Jurisdiction, any political subdivision thereof or authority of any kind in the Reference Obligation Jurisdiction, whether or not such authority is acting as de facto or de jure government, that generally:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Obligation Currency (including the proceeds of any obligations) into Hard Currency, or the transfer of Hard Currency from the Reference Obligation Jurisdiction to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of the Reference Obligation Currency into Hard Currency); or
- (ii) results in the unavailability of Hard Currency in the interbank foreign exchange market located in the Reference Obligation Jurisdiction in accordance with normal commercial practice; or
- (iii) has the direct or indirect effect of hindering, limiting or restricting the Applicable Currencies' spot FX market.

**"Interest Payment Date"** means two Business Days following each Reference Obligation Coupon Payment Date.

**"Market Disruption Event"** means on any Business Day, the occurrence or existence of an event on such day, due to market conditions (including but not limited to (i) market volatility, (ii)

market liquidity, and (iii) regulatory or artificial market limitations), pursuant to which the Calculation Agent is unable to determine any amount or rate falling to be determined by it pursuant to the Conditions.

**"Notional Holder"** means a notional broker dealer domiciled in the same jurisdiction and with the same tax status as the Issuer and/or any other jurisdiction where any affiliate of the Issuer which may hold the Reference Obligation may be domiciled and with the same tax status, as determined by the Calculation Agent, acting in a commercially reasonable manner. References in these Conditions to amounts being "actually received" (or similar) by the Notional Holder shall be deemed to mean amounts that would be received by the Notional Holder if it were the holder of the Reference Obligation.

**"Obligation"** means any obligation of a Reference Entity for the payment or repayment of money (whether such obligation is present or future, contingent or otherwise), including, without limitation, the Reference Obligation.

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

**"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 become due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Exchange"** means the voluntary or mandatory transfer (other than in accordance with the terms in effect as of the later of the Issue Date or date of issuance of the relevant Obligation) of any securities, obligations or assets to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations, or assets will be deemed to be Obligations.

**"Payment Requirement"** means USD 1,000,000 or its equivalent in any other currency, as of the occurrence of the relevant Failure to Pay, as determined by the Calculation Agent.

**"Permitted Currency"** means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**"Physical Settlement Date"** means 10 Business Days following the date of the Notice of Physical Settlement, or if a Partial Cash Settlement Event has occurred, the date the Final Price is determined, if later.

**"Reference Entity"** has the meaning given to it in the relevant Pricing Supplement, or any Successor thereto.

**"Reference Obligation"** means the following obligation of the Reference Entity specified as such in the Pricing Supplement. If the Reference Obligation is subdivided, consolidated, reclassified or altered, or any other similar event occurs as determined by the Calculation Agent, then the Calculation Agent will make such adjustments to the Conditions of the Notes, including to amounts payable hereunder and any other terms as it determines appropriate to account for such event and preserve the economic integrity of the Notes to the extent practicable. If the Reference Obligations are converted into other securities in accordance with the terms of any voluntary or involuntary exchange or restructuring program following the occurrence of an Early

Redemption Event, then such other securities shall become the Reference Obligation (it being understood that any elections under the terms of any such exchange or restructuring shall, for the purposes of the Notes, be deemed to be made by the Calculation Agent).

**"Reference Obligation Coupon Payment Date"** means each date on which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would actually receive a payment of interest or other distribution (howsoever described) in respect of the Reference Obligation. Such dates are expected to be (but may not be the dates specified as such in the relevant Pricing Supplement).

**"Reference Obligation Currency"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Obligation Jurisdiction"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Obligation Principal Amount"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Obligation Redemption Date"** means the date on which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would actually receive a payment in respect of the final redemption in whole of the Reference Obligation.

**"Repudiation/Moratorium"** means an event pursuant to which an authorised officer of a Reference Entity or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount not less than the Default Requirement, or (b) declares or imposes a moratorium, standstill 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.

**"Residual Risk Event"** means any event, action or circumstance which:

- (i) results in (or is likely to result in) the Notional Holder or its agents or affiliates receiving less than the full value of any principal, interest or other amounts due on the Reference Obligations on the date such amounts are due; or
- (ii) affects in any way (or is likely to affect in any way) the cost to the Notional Holder or its agent of acquiring, holding or redeeming the Reference Obligation, or of hedging, directly or indirectly, the obligations of the Issuer or any of its affiliates in respect of these Notes, or of converting any amount of Reference Obligation Currency into Hard Currency (or any other freely convertible and transferable currency) or *vice versa*.

**"Restructuring"** means, with respect to one or more Obligations, including as a result of an Obligation Exchange, 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 which binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation, or is announced (or otherwise decreed) by the Reference Entity or any Governmental Authority in a form that binds all holders of such Obligation, and such event is not provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;

- (iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above, none of the following shall constitute a Restructuring with respect to any Obligation:

- (a) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business, and
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

If an Obligation Exchange has occurred, the determination as to whether one of the events described in (i) to (v) above has occurred will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation immediately following such Obligation Exchange.

**"Settlement Currency"** has the meaning given to it in the relevant Pricing Supplement.

**"Settlement Event"** means the failure of the Custodian to do any of the following:

- (i) deliver or credit any Reference Obligation Currency amount, or Obligations owned by the Notional Holder, to the account of the Notional Holder (or any of its agents or affiliates) as instructed by the Notional Holder (or any of its agents or affiliates);
- (ii) deliver Reference Obligation Currency to a third party when requested to do so by the Notional Holder (or any of its agents or affiliates);
- (iii) surrender any Obligations owned by the Notional Holder (or any of its agents or affiliates) when requested to do so by the Notional Holder (or any of its agents or affiliates);
- (iv) purchase or sell any Obligations or take any other action when instructed to do so by the Notional Holder (or any of its agents or affiliates); or
- (v) perform in a full and timely manner all of its obligations to the Notional Holder under any custodial or similar arrangements entered into by the Notional Holder (or any of its agents or affiliates) at any time in relation to Obligations and/or Reference Obligation Currency (which shall include, for the avoidance of doubt, a repudiation or termination of any such arrangements without the prior consent of the Issuer (or any of its agents or affiliates)).

**"Successor"** means the direct or indirect successor to the Reference Obligation, as determined by the Calculation Agent.

**"Tax Event"** means:

- (i) (A) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority, (B) the issuance of any order or decree by any Governmental Authority, (C) any action being taken by a taxing authority in any jurisdiction, or (D) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any directly or indirectly holding of the Reference Obligations, which (in the case of (A), (B), (C) or (D) above) will (or there is a substantial likelihood that it will) adversely affect the economic value of the Notes and/or any hedging transaction to the Issuer;

- (ii) the imposition of taxes on the transfer of any Hard Currency out of the jurisdiction of the Reference Obligation Jurisdiction;
- (iii) the imposition of any additional taxes on debt of the Reference Entity issued in the Reference Obligation Jurisdiction, or
- (iv) the imposition of any taxes on any conversion of Domestic Currency into Hard Currency,

unless an amount equal to such taxes are deducted from the Reference Obligation Coupon and/or the Reference Obligation Redemption Amount for the purposes of determining the interest amount and/or the final redemption amount (as the case may be) of the Notes.

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

**"Valuation Date"** means two Business Days following the date of the Notice of Cash Settlement (or, if Conditions 7(b), 7(f) or 11 apply, following the date of the relevant event giving rise to the redemption of the Notes).

**"Valuation Process"** means the process of determining the Final Price, as follows. On the Valuation Date the Calculation Agent shall attempt to obtain Full Quotations from three or more Dealers. If the Calculation Agent obtains one or more Full Quotations, the highest Full Quotation obtained by the Calculation Agent shall be the Final Price. If the Calculation Agent does not obtain any Full Quotations, the Calculation Agent shall attempt to obtain Full Quotations from three or more Dealers on each day for the following four Business Days. If the Calculation Agent obtains one or more Full Quotations on any such day, the highest Full Quotation obtained by the Calculation Agent shall be the Final Price. If the Calculation Agent does not obtain any Full Quotations, the Final Price shall be zero. The Calculation Agent shall, as soon as practicable after obtaining all Full Quotations, notify the Noteholders in writing of each such Full Quotation that it receives in connection with the calculation of the Final Price and shall provide to the Noteholders a written computation showing its calculation of the Final Price.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions applicable to the Notes (the "**Conditions**"), which are supplemented by the "Additional Provisions relating to Emerging Market Pass-through Notes" (the "**Additional Conditions**") and completed by the Pricing Supplement and will be incorporated by reference into each Note in global form (subject to the section entitled "Summary of provisions relating to the Notes while in global form") and which, together with the Additional Conditions, will be endorsed on the Definitive Notes (if any) issued in exchange for Notes in global form representing the Notes. Terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

The Notes are issued by HSBC Bank plc (the "**Issuer**") pursuant to a programme for the issuance of notes and warrants (the "**Programme**") established by the Issuer, are constituted by, and have the benefit of, a deed of covenant dated on or about 1 June 2017 (the "**Deed of Covenant**"). The Notes also have the benefit of a master note issuance agreement dated 24 February 1999 as most recently modified, supplemented and/or restated on or about 1 June 2017 (as further modified and/or amended from time to time, the "**Master Note Issuance Agreement**") and made between the Issuer and HSBC Bank plc as dealer (the "**Dealer**", which expression shall include any successor Dealer) and an issuing and paying agency agreement dated 24 February 1999 as most recently modified, supplemented and/or restated on or about 10 June 2016 (as further modified and/or amended from time to time, the "**Issuing and Paying Agency Agreement**") and made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Notes if so specified in the relevant Pricing Supplement, which expression includes any successor or other Calculation Agent appointed pursuant to the Issuing and Paying Agency Agreement and specified in the relevant Pricing Supplement), HSBC Bank plc and HSBC Bank USA, National Association as transfer agent (HSBC Bank plc or, as the case may be, HSBC Bank USA, National Association being the "**Transfer Agent**", which expression shall include any successor or other Transfer Agent appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc as the principal paying agent (HSBC Bank plc being the "**Principal Paying Agent**", which expression shall include any successor or other Principal Paying Agent appointed pursuant to the Issuing and Paying Agency Agreement and, together with any additional paying agent appointed pursuant to the Issuing and Paying Agency Agreement or the Computershare Agency Agreement (as defined below), as specified in the relevant Pricing Supplement, the "**Paying Agents**"), HSBC Bank plc as issue agent (HSBC Bank plc being the "**Issue Agent**", which expression shall include any successor or other Issue Agent appointed pursuant to the Issuing and Paying Agency Agreement) and HSBC Bank plc and HSBC Bank USA, National Association as registrar (HSBC Bank plc or, as the case may be, HSBC Bank USA, National Association being the "**Registrar**", which expression shall include any successor or other Registrar appointed pursuant to the Issuing and Paying Agency Agreement), and the other parties specified therein.

In addition, the Issuer has entered into an agreement with Computershare Investor Services PLC dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Notes (as defined below).

All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on different issue dates. Each Tranche will be the subject of a Pricing Supplement (the "**Pricing Supplement**"), a copy of which will be attached to or endorsed on or incorporated by reference in each Note of such Tranche. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms and conditions save that a Series may comprise Bearer Notes and Registered Notes and may comprise Notes in more than one denomination. The Notes of each Tranche will have identical terms and conditions save that a Tranche may comprise Bearer Notes and Registered Notes and may comprise Notes of different denominations.

Copies of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Deed of Covenant and the Computershare Agency Agreement are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Pricing Supplement, this Prospectus and any supplement thereto may be obtained in each case during normal business hours at the specified office of the Issuer and of the Paying Agent in London or, in the case of Uncertificated Registered Notes, the CREST

Registrar. The Holders (as defined in Condition 2(b) (*Form, Denomination and Title – Bearer Notes*)) for the time being of Notes (the "**Noteholders**", which expression shall, in the case of Bearer Notes, include reference to the Holders of the Coupons appertaining thereto) and of any coupons (the "**Coupons**") or talons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the Deed of Covenant.

Words and expressions defined in the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement or the Computershare Agency Agreement or used in the relevant Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the relevant Pricing Supplement, the relevant Pricing Supplement will prevail.

## 1. **Definitions**

As used in these Conditions, the following expressions shall have the following meanings:

"**Accrual Yield**" means, in the case of Zero Coupon Notes, the percentage rate per annum specified as such in the relevant Pricing Supplement;

"**Agents**" means each of the Paying Agents, the Transfer Agent, the Issue Agent and the Registrar;

"**Aggregate Outstanding Nominal Amount**" means, in respect of Notes which are represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the aggregate outstanding nominal amount of the Notes represented by such global Note(s) or, as the case may be, such Uncertificated Registered Notes;

"**Alternative Payment Currency**" means the currency, which may be Offshore RMB, specified as such in the relevant Pricing Supplement;

"**Alternative Payment Currency Equivalent**" means the relevant amount in the Settlement Currency determined by the Calculation Agent converted into the relevant Alternative Payment Currency using the Alternative Payment Currency Exchange Rate for the relevant Alternative Payment Currency Fixing Date;

"**Alternative Payment Currency Exchange Rate**" means:

- (i) the rate of exchange between the Settlement Currency and Alternative Payment Currency (expressed as the number of units of Alternative Payment Currency per one unit of Settlement Currency or as the number of units of Settlement Currency per one unit of Alternative Payment Currency (as applicable)) as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time on the Alternative Payment Currency Fixing Date and as observed by the Calculation Agent;
- (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Alternative Payment Cross Currency Rate and the Settlement Currency Exchange Rate, as determined by the Calculation Agent; or
- (iii) such other rate as may be specified in the relevant Pricing Supplement.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If on an Alternative Payment Currency Fixing Date a Price Source Disruption occurs and (a) if Alternative Payment Currency Exchange Rate Fall-Back provisions are specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate in accordance with the Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Alternative Payment Currency Exchange Rate in accordance with such Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, the Calculation Agent will determine the

Alternative Payment Currency Exchange Rate in its discretion; or (b) if such Alternative Payment Currency Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Alternative Payment Currency Exchange Rate in accordance with sub-paragraphs (i) or (ii), as applicable, of Condition 9(f) (*Price Source Disruption and FX Disruption*) or, if Price Source Disruption is specified as not applicable in the relevant Pricing Supplement, in its discretion;

**"Alternative Payment Cross Currency Rate"** means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the Cross Currency and the Alternative Payment Currency as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time and as observed by the Calculation Agent;

**"Alternative Payment Currency Fixing Date"** means:

- (i) the date specified as such in the Pricing Supplement;
- (ii) if "Condition 1" is specified as applicable in the relevant Pricing Supplement, the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as appropriate); or
- (iii) otherwise, the fifth day (or such other number of days specified in the relevant Pricing Supplement) prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as appropriate).

If such date falls on a day that is a Saturday or Sunday or on which commercial banks are not open for general business and dealings in foreign exchange in the jurisdiction or place specified in the relevant Pricing Supplement, or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Settlement Currency Jurisdiction, the Alternative Payment Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction (a "**closed day**"), then:

- (x) if "Condition 1" is specified as applicable in the relevant Pricing Supplement, the Alternative Payment Currency Fixing Date shall be the immediately following calendar day that is not a closed day; and
- (y) otherwise, the Alternative Payment Currency Fixing Date shall be the immediately preceding calendar day that is not a closed day;

**"Alternative Payment Currency Fixing Page"** means the Reuters or other screen page specified as such in the relevant Pricing Supplement or any successor page thereof or, if such page is not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate by reference to the spot rate prevailing in the international exchange market;

**"Alternative Payment Currency Fixing Time"** means the time and place specified as such in the relevant Pricing Supplement or, such other time and place as the Calculation Agent determines in the case of a successor page to the Alternative Payment Currency Fixing Page specified in the Pricing Supplement;

**"Alternative Payment Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Alternative Payment Settlement Days"** means the number of local banking days specified as such in the relevant Pricing Supplement or if the relevant Pricing Supplement does not specify any Alternative Payment Settlement Days then the Alternative Payment Settlement Days shall be deemed to be 3 local banking days;

**"Business Centre"** means the city or cities specified as such in the relevant Pricing Supplement;



**"Business Day"** means:

- (i) in relation to any sum payable in euro, a Euro Business Day and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) Business Centre and on which the relevant Clearing System is open for business; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the relevant currency and in each (if any) Business Centre and on which the relevant Clearing System is open for business;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Amount"** means the amount in the Denomination Currency specified as such in the relevant Pricing Supplement;

**"Clearing System"** means, in relation to a Series of Notes, Euroclear, Clearstream, Luxembourg, DTC, CREST and/or any other clearing system specified in the relevant Pricing Supplement in which Notes of the relevant Series are for the time being held, or, in relation to an individual Note, in which that Note is for the time being held;

**"Clearing System Currency Eligibility Event"** means the relevant Clearing System(s) ceases to accept payments in the Settlement Currency;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*, Luxembourg;

**"Combined Global Registered Note"** means a Registered Note in global form eligible for sale in the United States to "qualified institutional buyers" pursuant to Rule 144A under the Securities Act and to non U.S. persons (as defined in Regulation S under the Securities Act) pursuant to Rule 144A and/or Regulation S under the Securities Act;

**"Conversion Rate"** means:

- (i) the conversion rate of exchange specified as such in the relevant Pricing Supplement;
- (ii) if such rate is not specified in the relevant Pricing Supplement, the rate of exchange between the Denomination Currency and the Settlement Currency (expressed as the number of units of Settlement Currency per one unit of Denomination Currency or as the number of units of the Denomination Currency per one unit of Settlement Currency (as applicable)) as published on the Conversion Rate Fixing Page at the Conversion Rate Fixing Time on the Conversion Rate Fixing Date and as observed by the Calculation Agent; or
- (iii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the conversion rate of exchange determined in accordance with, or derived from the Denomination Currency Conversion Rate and the Settlement Currency Conversion Rate, as determined by the Calculation Agent.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If on a Conversion Rate Fixing Date a Price Source Disruption occurs, and (a) if Conversion Rate Fall-Back provisions are specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Conversion Rate in accordance with the Conversion Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Conversion Rate in accordance with such Conversion Rate Fall-Back provisions specified in the relevant Pricing Supplement, the Calculation Agent will determine the Conversion Rate in its discretion; or (b) if Conversion Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Conversion Rate in accordance with Condition 9(f) (*Price Source Disruption and FX Disruption*) or Condition 9(g) (*EM Price Source Disruption*) (as applicable) or, if neither Price Source Disruption or EM Price Source Disruption are specified as applicable in the relevant Pricing Supplement, in its discretion;

**"Conversion Rate Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place specified as such in the relevant Pricing Supplement, or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Settlement Currency Jurisdiction, Denomination Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction;

**"Conversion Rate Fixing Date"** means each of the dates specified as such in the relevant Pricing Supplement or if such date is not a Conversion Rate Business Day the immediately following day that is a Conversion Rate Business Day or, if such date is not specified in the relevant Pricing Supplement, the fifth Conversion Rate Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable);

**"Conversion Rate Fixing Page"** means the Reuters or other screen page specified as such in the Pricing Supplement or any successor page thereof or, if such page is not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Conversion Rate by reference to the spot rate prevailing in the international exchange market;

**"Conversion Rate Fixing Time"** means the time and place specified as such in the relevant Pricing Supplement or such other time and place as the Calculation Agent determines in the case of a successor page to the Conversion Rate Fixing Page specified in the Pricing Supplement;

**"CREST"** means Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited);

"**Cross Currency**" means the currency specified as such in the relevant Pricing Supplement, or if such currency is not specified in the relevant Pricing Supplement, the Cross Currency shall mean USD;

"**Cross Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the relevant Pricing Supplement and:

- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is so specified means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any one year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (iv) if "**Actual/365 (Sterling)**" is so specified, means the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made 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 Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

- (vii) if "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made 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 Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (viii) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made 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 Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case 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 Calculation 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;

"**Deferral Period**" has the meaning ascribed thereto in Condition 9(f) (*Price Source Disruption and FX Disruption*);

"**Denomination Currency**" means the currency of denomination of the Notes specified as such in the relevant Pricing Supplement;

"**Denomination Currency Conversion Rate**" means, for any Conversion Rate Fixing Date, the currency exchange rate between the Cross Currency and the Denomination Currency as published on the Conversion Rate Fixing Page at or around the Conversion Rate Fixing Time and as observed by the Calculation Agent;

"**Denomination Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**DTC**" means the Depository Trust Company;

"**Early Redemption Amount**" means, in relation to each Note or Calculation Amount, as applicable, an amount equal to the percentage per Calculation Amount, its Fair Market Value or such other early redemption amount, in each case as specified in the relevant Pricing Supplement and calculated in accordance with, and subject to, Condition 7(j) (*Redemption and Purchase - Calculation and Rounding*);

"**EM Deferral Period**" means, in respect of a Scheduled FX Fixing Date, a period of such number of calendar days as specified in the relevant Pricing Supplement, beginning on and including the relevant Scheduled FX Fixing Day;

"**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, acting in a commercially reasonable manner:

- (i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member states;
- (ii) the redenomination of any underlying value to which the Notes relate into euro;
- (iii) any change in the currency of denomination of any index;
- (iv) any change in the currency in which some or all the securities or other property contained in any index is denominated;
- (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or
- (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the euro;

"**Euro**", "**euro**" "**EUR**", "€" each means the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty;

"**Euro Business Day**" or "**TARGET Business Day**" means a day on which TARGET2 is open for settlement of payments in euro;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

**"exchange date"** shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in the manner specified in Condition 13 (*Replacement, Exchange and Transfer*);

**"Fair Market Value"** means, in relation to any Note which is to be redeemed early, its fair market value immediately prior to the early redemption date, as determined by the Issuer (acting in good faith and in a commercially reasonable manner) and/or the Calculation Agent, as applicable, less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements, and any such calculation of the fair market value shall have the effect of preserving for the Noteholders the economic equivalent of the obligations of the Issuer to make payments in respect of the Notes which would, but for such early redemption, have fallen due after the relevant early redemption date. For the purposes of calculating the Fair Market Value following an Event of Default pursuant to Condition 11 (*Events of Default*) only, in determining the fair market value of the Notes, no account shall be taken of the creditworthiness of the Issuer, who shall be deemed to be able to perform fully its obligations in respect of the Notes;

**"Fallback Conversion Rate"** means, on any date, the rate of exchange between the Denomination Currency and the Settlement Currency (expressed as the number of units of Settlement Currency per one unit of Denomination Currency or as the number of units of the Denomination Currency per one unit of Settlement Currency (as applicable)) as determined by the Calculation Agent in good faith and published on the Fallback Conversion Rate Fixing Page at the Fallback Conversion Rate Fixing Time for such date;

**"Fallback Conversion Rate Fixing Page"** means the Reuters or other screen page or the relevant section of the EMTA website specified as such in the Pricing Supplement (or any successor page or website thereof), or if such page or section of the EMTA website is not specified in the relevant Pricing Supplement or there is no successor page or website, the Calculation Agent will determine the relevant Conversion Rate;

**"Fallback Conversion Rate Fixing Time"** means the time and place specified as such in the relevant Pricing Supplement or such other time and place as the Calculation Agent determines in the case of a successor page to the Fallback Conversion Rate Fixing Page specified in the Pricing Supplement;

**"Final Redemption Amount"** has the meaning ascribed thereto in Condition 7(a) (*Redemption and Purchase - At Maturity*);

**"First Interest Payment Date"** means the date specified in the relevant Pricing Supplement;

**"Fixed Rate Note"** means a Note which bears interest at a fixed rate and in respect of which Condition 4 (*Fixed Rate Note Provisions*) is applicable;

**"Floating Rate Note"** means a Note which bears interest at a floating rate and in respect of which the relevant provisions of Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions*) are applicable;

**"FX Disruption Event"** means the occurrence, as determined by the Calculation Agent, of (i) (a) an Inconvertibility, (b) Non-transferability, (c) Illiquidity or (d) any other event affecting the Denomination Currency, Cross Currency, Reference Currency, Settlement Currency or Specified Currency (as applicable) (the **"FX Disruption Relevant Currency"**) which would make it unlawful or impractical in whole or in part (including without limitation, as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial power) for the Issuer (or the Issuer's affiliate) to pay or receive amounts in the FX Disruption Relevant Currency under or in respect of any hedging arrangement relating to or connected with the FX Disruption Relevant Currency; or (ii) if Offshore RMB is specified as the applicable FX Disruption Relevant Currency, each of the events specified in (i) above, plus an Offshore RMB Disruption;

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the Settlement Currency Jurisdiction or, where the Settlement Currency is specified to be RMB, in the PRC and each Offshore RMB Centre;

**"Government Bonds"** means, in relation to a Series of Notes, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Pricing Supplement and **"Government Bond"** shall be construed accordingly;

**"Illiquidity"** means where the foreign exchange market in the Settlement Currency Jurisdiction becomes illiquid after the Trade Date and, as a result of which, the Issuer cannot obtain sufficient Settlement Currency in order to satisfy its obligation to pay any amount in respect of the Notes as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation (if practicable) with two Reference Dealers;

**"Inconvertibility"** means the occurrence of any event after the Trade Date that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the foreign exchange market in the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Index-Linked Interest Note"** means a Note which bears interest at a rate determined by reference to an index or any other variable as specified in the relevant Pricing Supplement and in respect of which Condition 5(e) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions*) is applicable;

**"Initial Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Specified Currency) specified as such in the relevant Pricing Supplement;

**"Interest Commencement Date"** means the date specified as such in the relevant Pricing Supplement;

**"Interest Determination Date"** means the day determined by the Calculation Agent to be customary for fixing the Reference Rate applicable to deposits in the Relevant Currency for the relevant Interest Period or as otherwise specified in the relevant Pricing Supplement;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"IRC"** means the U.S. Internal Revenue Code of 1986;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and supplemented as at the date of issue of the first Tranche of the Notes of the relevant Series), as published by the International Swaps and Derivatives Association, Inc ("**ISDA**") (copies of which may be obtained from ISDA at [www2.isda.org](http://www2.isda.org));

**"Issue Date"** means the date specified as such in the relevant Pricing Supplement;

**"LBMA"** means the London Bullion Market Association or its successor;

**"LBMA Physical Settlement Commodity"** means each commodity specified as such in the relevant Pricing Supplement;

**"LBMA Physical Settlement Disruption Event"** means, as determined by the Calculation Agent, an event which is beyond the control of the Issuer or the transferor of the relevant amount of interest, Final Redemption Amount, Early Redemption Amount and/or any other amount in respect of the Notes and as a result of which the Issuer or such transferor is unable to effect a relevant delivery;

**"LBMA Physical Settlement Fallback Redemption Amount"** means an amount in the Settlement Currency, US Dollar or such other currency as determined by the Calculation Agent in its sole and absolute discretion in respect of each Note determined by the Calculation Agent, in its sole and absolute discretion, with reference to the price of the LBMA Physical Settlement Commodity to in the spot market on the relevant Conversion Rate Fixing Date or Underlying Currency Pair Fixing Date (as applicable);

**"LBMA Physical Settlement Market Disruption Event"** means: (i) the material suspension of, or the material limitation imposed on, trading in the LBMA Physical Settlement Commodity on any exchange or principal trading market which the Calculation Agent considers material in relation to the Notes; (ii) the disappearance of, or of trading in the LBMA Physical Settlement Commodity; or (iii) the disappearance or permanent discontinuance or unavailability of the Conversion Rate or Underlying Currency Pair Exchange Rate notwithstanding the status of trading in the LBMA Physical Settlement Commodity;

**"LBMA Transfer Notice"** has the meaning given in Condition 9(g) (*Payments – LBMA Physical Settlement*);

**"LIBOR"** means, in respect of any Relevant Currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**"local banking day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Principal Paying Agent, the Paying Agent, or the Registrar or the Transfer Agent to which the relevant Note or Coupon is presented for payment is located;

**"Margin"** means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement;

**"Maturity Date"** has the meaning ascribed thereto in Condition 7(a) (*Redemption and Purchase - At Maturity*);

**"Maximum Interest Rate"** means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement;

**"Maximum Redemption Amount (Call Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;



**"Maximum Redemption Amount (Put Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"Minimum Interest Rate"** means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement;

**"Minimum Redemption Amount (Call Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"Minimum Redemption Amount (Put Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"National Currency Unit"** means the national currency unit of any Participating Member State that becomes a denomination of the euro by reason of Council Regulation (EC) No. 1103/97, Council Regulation (EC) No. 974/98 or any other applicable laws;

**"Non-transferability"** means the occurrence of any event after the Trade Date that makes it impossible for the Issuer to transfer Settlement Currency between accounts inside the Settlement Currency Jurisdiction or from an account inside the Settlement Currency Jurisdiction to an account outside the Settlement Currency Jurisdiction or from an account outside the Settlement Currency Jurisdiction to an account inside the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Offshore RMB"** means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulation and guidelines issued by relevant authorities in the Offshore RMB Centre prevailing as of the Trade Date of the Notes;

**"Offshore RMB Centre"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Offshore RMB Disruption"** means the occurrence of, as determined by the Calculation Agent, an Offshore RMB Inconvertibility, Offshore RMB Non-transferability or Offshore RMB Illiquidity;

**"Offshore RMB Illiquidity"** means the occurrence of any event after the Trade Date that makes it impossible (where it has previously been possible) for the Issuer to obtain a firm quote of an offer price in respect of any amount in Offshore RMB in order to satisfy its obligation to pay an amount under the Notes (the **"Relevant Disrupted Amount"**), in each case on the due date for payment, Valuation Date, Conversion Rate Fixing Date or Underlying Currency Pair Fixing Date (as the case may be), either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general Offshore RMB exchange market in each Offshore RMB Centre in order to perform its obligations under the Notes;

**"Offshore RMB Inconvertibility"** means the occurrence of any event after the Trade Date that makes it impossible (where it had previously been possible) for the Issuer to convert an amount of Offshore RMB no less than the Relevant Disrupted Amount into or from USD (or, if the Settlement Currency specified in the Pricing Supplement is other than USD, then such Settlement Currency) in the general Offshore RMB exchange market in each Offshore RMB Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Offshore RMB Non-Transferability"** means the occurrence in each Offshore RMB Centre of any event after the Trade Date that makes it impossible (where it had previously been possible) for the Issuer to transfer Offshore RMB (i) between accounts inside an Offshore RMB Centre, (ii) from an account inside an Offshore RMB Centre to an account outside such Offshore RMB Centre and outside the PRC, or (iii) from an account outside an Offshore RMB Centre and

outside the PRC to an account inside such Offshore RMB Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of Offshore RMB Non-Transferability and Hong Kong as an Offshore RMB Centre only, a segregated Chinese Renminbi fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

**"Optional Redemption Date (Call Option)"** means the date specified as such in the relevant Pricing Supplement on which the Notes are being redeemed pursuant to Condition 7(c) (*Redemption at the Option of the Issuer*);

**"Optional Redemption Date (Put Option)"** means the date specified as such in the relevant Pricing Supplement on which the Notes are being redeemed pursuant to Condition 7(d) (*Redemption at the Option of the Noteholders*);

**"Participating Member States"** means any member state of the European Union which adopts the single currency in accordance with the Treaty;

**"PRC"** means the People's Republic of China excluding (solely for this purpose) the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the Macau Special Administrative Region of the People's Republic of China ("**Macau**") and Taiwan;

**"Price Materiality"** means the Calculation Agent has determined that the Conversion Rate differs from the Fallback Conversion Rate by the Price Materiality Threshold Percentage or more (**provided that** if the Calculation Agent is unable to determine the Fallback Conversion Rate, the Calculation Agent may determine in its sole discretion whether a Price Materiality has occurred).

**"Price Materiality Threshold Percentage"** means the percentage specified as such in the Pricing Supplement, or if no such percentage is specified, three per cent.

**"Price Source Disruption"** means, in relation to a Relevant Rate, such Relevant Rate is not available for any reason as determined by the Calculation Agent;

**"Rate of Interest"** means:

- (i) where the Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest specified as such in the relevant Pricing Supplement;
- (ii) where the Floating Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest determined in accordance with Conditions 5(c) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions – Screen Rate Determination*) or 5(d) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions – ISDA Determination*), as applicable; and
- (iii) where the Index-Linked Interest Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest determined in accordance with Condition 5(e) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions – Index-Linked Interest*);

**"Redemption Amount"** has the meaning given in Condition 7(j) (*Redemption and Purchase - Calculation and Rounding*);

**"Redemption Amount (Call Option)"** means, in relation to each Note, the percentage of its Calculation Amount or its Fair Market Value, in each case as specified in the relevant Pricing Supplement and calculated in accordance with, and subject to, Condition 7(j) (*Redemption and Purchase - Calculation and Rounding*);

**"Redemption Amount (Put Option)"** means, in relation to each Note, the percentage of its Calculation Amount or its Fair Market Value, in each case as specified in the relevant Pricing

Supplement and calculated in accordance with, and subject to, Condition 7(j) (*Redemption and Purchase - Calculation and Rounding*);

**"Redenomination Date"** means a date (being, in the case of interest-bearing Notes, a date on which interest in respect of such Notes is payable) which:

- (i) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 10(a) (*Redenomination - General*); and
- (ii) falls on or after such date as the country of the Settlement Currency becomes a Participating Member State;

**"Reference Bank(s)"** means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Reference Dealers"** means leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent;

**"Reference Currency Exchange Rate"** means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the Cross Currency and the Reference Currency as published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time and as observed by the Calculation Agent;

**"Reference Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Reference Rate"** has the meaning given in the relevant Pricing Supplement;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Related Payment Date"** means any payment date on the Notes on which the amount payable is calculated by reference to the Relevant Rate determined on the related Scheduled FX Fixing Day;

**"Relevant Banking Day"** means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Principal Paying Agent or the Transfer Agent, in the place where the specified office of the Principal Paying Agent or, as the case may be, the Transfer Agent is located;

**"Relevant Currency"** has the meaning given in the relevant Pricing Supplement;

**"Relevant Currency Business Day"** means, in relation to a Relevant Rate that is the:

- (i) Alternative Payment Currency Exchange Rate or Alternative Payment Cross Currency Rate or Settlement Currency Exchange Rate (which is being determined for the purposes of determining the Alternative Payment Currency Exchange Rate), an Alternative Payment Currency Fixing Date;
- (ii) Conversion Rate or Denomination Currency Conversion Rate or Settlement Currency Conversion Rate (which is being determined for the purposes of determining the Conversion Rate), a Conversion Rate Business Day; or
- (iii) Underlying Currency Pair Exchange Rate, Specified Currency Exchange Rate or Reference Currency Exchange Rate, an Underlying Currency Pair Business Day;

**"Relevant Financial Centre Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, where such currency is a National Currency Unit and the Notes have been redenominated into euro pursuant to Condition 10 (*Redenomination*), the former principal financial centre or centres) and in any other place set out in the Pricing Supplement. In the case of payments which fall to be made in euro (save for payments in relation to Notes which have been redenominated into euros pursuant to Condition 10 (*Redenomination*)), a Euro Business Day. The Relevant Financial Centre Days in relation to any Tranche determined in accordance with the above provisions as at the Issue Date shall be specified in the relevant Pricing Supplement;

**"Relevant Financial Centre"** has the meaning given in the relevant Pricing Supplement;

**"Relevant Rate"** means the Alternative Payment Currency Exchange Rate, Alternative Payment Cross Currency Rate, Conversion Rate, Denomination Currency Conversion Rate, Reference Currency Exchange Rate, Settlement Currency Exchange Rate, Settlement Currency Conversion Rate, Specified Currency Exchange Rate or Underlying Currency Pair Exchange Rate (as applicable);

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Pricing Supplement;

**"Renminbi"**, **"RMB"** and **"CNY"** all refer to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China and Taiwan);

**"Restricted Global Registered Note"** means a Registered Note in global form issued and sold solely within the United States or to U.S. persons (as defined in Regulation S under the Securities Act) in reliance on Rule 144A of the Securities Act;

**"Scheduled FX Fixing Day"** means any day on which the Calculation Agent is required to determine a Relevant Rate;

**"Settlement Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Settlement Currency Conversion Rate"** means, for any Conversion Rate Fixing Date, the currency exchange rate between the Cross Currency and the Settlement Currency as published on the Conversion Rate Fixing Page at or around the Conversion Rate Fixing Time and as observed by the Calculation Agent;

**"Settlement Currency Exchange Rate"** means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the Cross Currency and the Settlement Currency as published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time and as observed by the Calculation Agent;

**"Settlement Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Specified Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Specified Currency Exchange Rate"** means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the Cross Currency and the Specified Currency as published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time and as observed by the Calculation Agent;

**"Specified Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Specified Denomination"** means, with respect to a Note in definitive form, the Denomination of such Note;

**"Specified Period"** has the meaning given in the relevant Pricing Supplement;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

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

**"Transfer date"** shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer;

**"Transfer Expenses"** means, with respect to any Notes, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Noteholders of any underlying value to which the Notes relate;

**"Treaty"** means the Treaty on the Functioning of the European Union, as amended;

**"Underlying Currency Pair Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place as specified in the relevant Pricing Supplement or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Reference Currency Jurisdiction(s), the Specified Currency Jurisdiction and, if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the Cross Currency Jurisdiction;

**"Underlying Currency Pair Exchange Rate"** means

- (i) the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Specified Currency) or as the number of units of Specified Currency per one unit of Reference Currency (as applicable) as published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date and as observed by the Calculation Agent or
- (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Specified Currency Exchange Rate and the Reference Currency Exchange Rate, as determined in good faith and in a commercially reasonable manner by the Calculation Agent.

The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If on an Underlying Currency Pair Fixing Date a Price Source Disruption occurs, and (a) if Underlying Currency Pair Exchange Rate Fall-Back provisions are specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in accordance with the Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Underlying Currency Pair Exchange Rate in accordance with such Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in its discretion; or (b) if such Underlying Currency Pair Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in accordance with subparagraph (i) or (ii), as applicable, of Condition 9(f) (*Price Source Disruption and FX Disruption*) or, if Price Source Disruption is specified as not applicable in the relevant Pricing Supplement, in its discretion;

**"Underlying Currency Pair Fixing Date"** means each of the dates specified as such in the relevant Pricing Supplement or, if such date is not an Underlying Currency Pair Business Day the immediately following day that is an Underlying Currency Pair Business Day, or if such date is not specified in the relevant Pricing Supplement, the fifth Underlying Currency Pair Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable);

**"Underlying Currency Pair Fixing Page"** means the Reuters or other screen page as specified as such in the Pricing Supplement or any successor page thereof or, if not specified in the relevant Pricing Supplement or there is no successor page, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate by reference to the relevant spot rate prevailing in the international exchange market;

**"Underlying Currency Pair Fixing Time"** means the time and place as specified as such in the relevant Pricing Supplement or such other time and place as the Calculation Agent determines in the case of a successor page to the Underlying Currency Pair Fixing Page specified in the Pricing Supplement;

**"Unscheduled Holiday"** means, in relation to a Relevant Rate, a day, determined by the Calculation Agent, that is not a Relevant Currency Business 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 on or prior to the second Relevant Currency Business Day (or such other number of Relevant Currency Business Days specified in the relevant Pricing Supplement) immediately preceding the Scheduled FX Fixing Day;

**"Zero Coupon Note"** means a Note specified as such in the relevant Pricing Supplement and in respect of which Condition 6 (*Zero Coupon Notes*) is applicable; and

**"Zero Coupon Note Reference Price"** means the price per Note specified as such in the relevant Pricing Supplement.

## 2. **Form, Denomination and Title**

### (a) ***Form; Certifications***

Notes are issued in bearer form ("**Bearer Notes**"), in registered form ("**Registered Notes**") or in uncertificated registered form ("**Uncertificated Registered Notes**") as set out in the relevant Pricing Supplement. Bearer Notes issued in definitive form are referred to as "**Definitive Notes**". Definitive Notes will be serially numbered. In the case of Registered Notes, a certificate will be issued to each Noteholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Registrar in respect of the Registered Notes. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes.

(b) ***Bearer Notes***

(i) *Denomination*

Subject to Condition 10 (*Redenomination*), Bearer Notes will be in the denomination(s) specified in the relevant Pricing Supplement. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denomination.

(ii) *General; Title*

Interest-bearing Definitive Notes will, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Interest-bearing Definitive Notes will also, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so permits, include Talons.

Notes, the principal amount of which is repayable in instalments ("**Instalment Notes**") which are Definitive Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Subject as set out below, title to Bearer Notes will pass by delivery. References herein to the "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(c) ***Registered Notes***

(i) *Denomination*

Registered Notes will be in the denomination(s) and multiples specified in the relevant Pricing Supplement.

(ii) *General; Title*

Title to Registered Notes passes by registration in the Register. References herein to the "**Holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the person in whose name any Registered Note is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(iii) *Regulations concerning transfer and registration of Registered Notes*

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current

Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(iv) *Rule 144A Legends*

Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend for the purpose of Rule 144A under the Securities Act in the case of Restricted Global Registered Notes, Rule 144A Global Registered Notes or Combined Global Registered Notes (a "**Rule 144A Legend**"), each as set forth in the form of the relevant Registered Notes, the Registrar shall deliver only Registered Notes that also bear the relevant legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(d) *Uncertificated Registered Notes*

The Uncertificated Registered Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Uncertificated Securities Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Uncertificated Securities Regulations. Title to the Uncertificated Registered Notes is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Notes and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Notes.

Uncertificated Registered Notes will be in the denomination(s) and multiples specified in the relevant Pricing Supplement.

Title to Uncertificated Registered Notes will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Notes (including transfers of Uncertificated Registered Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the relevant Pricing Supplement shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Notes in uncertificated form, (II) the transfer of title to Uncertificated Registered Notes by means of a relevant system or (III) the Uncertificated Securities Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the relevant Pricing Supplement, so long as the Uncertificated Registered Notes are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Notes shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Notes may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations, and (C) for the avoidance of doubt, the Conditions and the relevant Pricing Supplement in relation to any Uncertificated



Registered Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Note.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Uncertificated Securities Regulations and the relevant Operator (as such term is used in the Uncertificated Securities Regulations) is CREST (or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Notes and in accordance with the Uncertificated Securities Regulations). Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Notes in accordance with Condition 14 (*Notices*).

If at any time:

- (i) a Noteholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Notes cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Notes are issued in exchange for the Uncertificated Registered Notes and that such Registered Notes are registered in such names as the Operator shall notify to the Issuer.

### 3. **Status**

- (a) The Notes are direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and, at their date of issue, (save for certain obligations required to be preferred by law) with all other unsecured and unsubordinated obligations of the Issuer for the time being outstanding.
- (b) The Notes do not create or transfer in favour of the Noteholder any legal, proprietary, beneficial or other interest in (including, without limitation, voting rights, as applicable) or right to acquire or dispose of any underlying (including, without limitation any reference asset or reference index) or any related purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) as determined in its absolute discretion by the Issuer or an affiliate in order to hedge, individually or on a portfolio basis, a Note ("**Hedging Positions**") and Noteholders shall have no legal, proprietary, beneficial or other interest in any underlying or Hedge Position by virtue of any investment in the Notes.
- (c) The Issuer is not required to hedge the Notes by holding any corresponding Hedging Positions in any underlying and has discretion to decide its hedging strategy.

### 4. **Fixed Rate Note Provisions**

#### (a) ***Application***

This Condition 4 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable.

#### (b) ***Accrual of interest***

Fixed Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums

due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) ***Fixed Coupon Amount***

Only if Fixed Coupon Amount is specified in the relevant Pricing Supplement, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one denomination (as specified in the relevant Pricing Supplement), shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of the Notes for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to:

- (i) if "Aggregate Outstanding Nominal Amount Rounding" is specified in the relevant Pricing Supplement as being applicable, in the case of Notes represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the Aggregate Outstanding Nominal Amount of the Notes represented by such global Note(s) or, as the case may be, such Uncertificated Registered Notes; or
- (ii) in the case of Notes in definitive form or if "Aggregate Outstanding Nominal Amount Rounding" is not specified in the relevant Pricing Supplement as being applicable, the Calculation Amount,

and, in each case, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Settlement Currency (as defined in Condition 1 (*Definitions*)) (half a sub-unit being rounded upwards or otherwise in accordance with applicable market convention). Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, or the Notes are represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the amount of interest payable in respect of such Note or, as the case may be, the amount of interest payable in respect of the Aggregate Outstanding Nominal Amount shall be the product of (1) the amount (determined in the manner provided above) of interest payable in relation to the Calculation Amount and (2) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination or, as the case may be, the Aggregate Outstanding Nominal Amount (or, in the case of Instalment Notes (as defined in Condition 2(b)(ii) (*Form, Denomination and Title – Bearer Notes – General; Title*)), the Specified Denomination or, as the case may be, the Aggregate Outstanding Nominal Amount as reduced in proportion with any reduction of the outstanding nominal amount as may be specified in, or determined in accordance with the provisions of the relevant Pricing Supplement without any further rounding). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5. **Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions**

(a) ***Application***

This Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions, the Index-Linked Interest Note provisions or other variable-linked interest Note provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***

Floating Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the

case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time;
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Settlement Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Settlement Currency) on the first day of the relevant Interest Period for loans in the Settlement Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

Investors should note that, if the relevant Pricing Supplement specifies fall-back provisions that refer to "ISDA Determination" or the ISDA Definitions, then the Calculation Agent may be required to determine the relevant Rate of Interest by reference to the rates provided by certain financial institutions selected by it in accordance with the ISDA Definitions if (a) such fallback provisions specify a Floating Rate Option which refers expressly to "Reference Banks" in its title or (b) the primary method for determining the relevant rate in accordance with the ISDA Definitions fails for any reason (unless the Pricing Supplement specifies that the fallback in respect of such rate shall not be determined by reference to any 'Reference Banks' (as defined in the ISDA Definitions)).

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the "**Floating Rate Option**" (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
- (ii) the "**Designated Maturity**" (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
- (iii) the relevant "**Reset Date**" (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.

**Investors should note that, if ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, then the Calculation Agent may be required to determine the relevant Rate of Interest by reference to the rates provided by certain financial institutions selected by it in accordance with the ISDA Definitions if (a) the Floating Rate Option specified in the Pricing Supplement refers expressly to "Reference Banks" in its title or (b) the primary method for determining the ISDA Rate in accordance with the ISDA Definitions fails for any reason (unless the Pricing Supplement specifies that the fallback in respect of such ISDA Rate shall not be determined by reference to any 'Reference Banks' (as defined in the ISDA Definitions)).**

(e) ***Index-Linked Interest***

If the Index-Linked Interest Note provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

(f) ***Maximum or Minimum Interest Rate***

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the Notes for such Interest Period. Unless otherwise provided in the relevant Pricing Supplement, the Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to:

- (i) if "Aggregate Outstanding Nominal Amount Rounding" is specified in the relevant Pricing Supplement as being applicable, in the case of Notes represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the Aggregate Outstanding Nominal Amount of the Notes represented by such global Note(s) or, as the case may be, such Uncertificated Registered Notes notwithstanding that the formula specified in the relevant Pricing Supplement may provide for calculation in relation to the Calculation Amount; or
- (ii) in the case of Notes in definitive form or if "Aggregate Outstanding Nominal Amount Rounding" is not specified in the relevant Pricing Supplement as being applicable, the Calculation Amount,

and, in each case, multiplying the product by the Day Count Fraction for such Interest Period, rounding the resulting figure to the nearest sub-unit of the Settlement Currency (as defined in Condition 1 (*Definitions*)) (half a sub-unit being rounded upwards or otherwise in accordance with applicable market convention). Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, or the Notes are represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the amount of interest payable in respect of such Note or, as the case may be, the amount of interest payable in respect of the Aggregate Outstanding Nominal Amount shall be the product of (1) the amount (determined in the manner provided above) of interest payable in relation to the Calculation Amount and (2) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination or, as the case may be, the Aggregate Outstanding Nominal Amount (or, in the case of Instalment Notes (as defined in *Condition 2(b)(ii) (Form, Denomination and Title – Bearer Notes – General; Title)*), the Specified Denomination or, as the case may be, the Aggregate Outstanding Nominal Amount as reduced in proportion with any reduction of the outstanding nominal amount as may be specified in, or determined in accordance with the provisions of the relevant Pricing Supplement without any further rounding). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

If interest is required to be paid in respect of the Notes in relation to a period other than an Interest Period, then such interest shall be calculated in accordance with the above paragraph but as if reference therein to "Interest Period" were to such other period.

If the relevant Pricing Supplement specifies an alternative method of calculation of interest amount and "Aggregate Outstanding Nominal Amount Rounding" is specified in such Pricing Supplement as being applicable in the case of Notes represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, then such interest shall be calculated in relation to the Aggregate Outstanding Nominal Amount of the Notes represented by such global Note(s) or, as the case may be, such Uncertificated Registered Notes and rounded to the nearest currency sub-unit notwithstanding that the formula specified in such Pricing Supplement may provide for the interest amount to be calculated in relation to the Calculation Amount.

(h) ***Calculation of other amounts***

If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(i) ***Dividend Equivalent Payments***

In respect of any Series of Notes where the principal and/or interest in respect to such Notes is determined by reference to one or more variables such as an index, formula, security, commodity, currency exchange rate, interest rate, inflation index, the credit of one or more entities or other factor (each variable being a "**Reference Asset**" or, if it is comprised in a basket of variables, a "**Reference Asset Component**"), if the Pricing Supplement in respect of such Notes states the Notes are "Section 871(m) Notes", the Pricing Supplement shall further specify whether the "Dividend Withholding" or "Issuer Withholding" approach to withholding in relation to Section 871(m) IRC shall be applicable to the Notes.

If "Dividend Withholding" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall provide for the Issuer to make payments to Noteholders in respect of any dividend equivalent amounts received or deemed received in respect of any Reference Asset or Reference Asset Component and shall include provisions relating to the amount and timing of such payments.

If "Issuer Withholding" is specified in the relevant Pricing Supplement, the Pricing Supplement shall specify whether any dividend equivalent amounts are to be treated as being reinvested

during the term of the Notes and what portion thereof is expected as of the Issue Date to be treated for U.S. federal income tax purposes as having been withheld from a payment due to the Noteholders.

(j) **Publication**

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s), to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period as a result of the early redemption or the termination of the Notes pursuant to:

- (i) Condition 7(b) (*Redemption for Taxation Reasons*), Condition 7(c) (*Redemption at the Option of the Issuer (Call Option)*), Condition 7(d) (*Redemption at the Option of the Noteholder (Put Option)*), Condition 7(f) (*Early Redemption for Illegality*) or Condition 11 (*Events of Default*) or as a result of the provisions of Condition 9(f) (*Price Source Disruption and FX Disruption*), Condition 10 (*Redenomination*), or
- (ii) any other provisions set out in the relevant Pricing Supplement or otherwise.

If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum denomination.

(k) **Linear interpolation**

Where "**Linear Interpolation**" is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the Relevant Screen Page, one of which shall be determined as if the Interest Period were the period for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Interest Period were the period for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(l) **Notifications etc.**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders **and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.**

6. **Zero Coupon Notes**

- (i) This Condition 6 (*Zero Coupon Notes*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Pricing Supplement as being applicable.

- (ii) If any amount payable in respect of a Zero Coupon Note is improperly withheld or refused, such an amount shall thereafter be an amount equal to the sum of:
  - (A) the Zero Coupon Note Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Zero Coupon Note Reference Price on the basis of the relevant Day Count Fraction as may be specified in the relevant Pricing Supplements for the purposes of this Condition 6 (*Zero Coupon Notes*) and Condition 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) (or, if no such relevant Day Count Fraction is specified, a Day Count Fraction of 30E/360 shall apply) from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

7. **Redemption and Purchase**

(a) ***At Maturity***

Unless previously redeemed or purchased and cancelled, and subject as otherwise set out in the relevant Pricing Supplement, each Note will be redeemed by the Issuer at an amount (the "**Final Redemption Amount**") as determined by the Calculation Agent and as calculated in accordance with Condition 7(j) (*Redemption and Purchase - Calculation and Rounding*) and the formula or other means specified in the relevant Pricing Supplement, where applicable, in the relevant Settlement Currency on the date specified in the relevant Pricing Supplement as the scheduled date on which such Note is to be redeemed (the "**Maturity Date**") (or, in the case of Instalment Notes, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement), in accordance with the provisions set out in the relevant Pricing Supplement.

(b) ***Redemption for Taxation Reasons***

If in respect of a Series of Notes Condition 8B (*Taxation - No gross-up*) is not specified as applicable in the relevant Pricing Supplement, and:

- (i) on a subsequent date for the payment of interest on such Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 8A (*Taxation - Gross-up*); or
- (ii) if the Issuer were to seek to redeem such Notes (for which purpose no regard shall be had to whether or not the Issuer would otherwise be entitled to redeem such Notes), the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 8A (*Taxation - Gross-up*);

the Issuer may, having given not less than 30 nor more than 45 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of such Notes, at their Early Redemption Amount determined by the Issuer in accordance with the Conditions and calculated in accordance with the formula or other means specified in the relevant Pricing Supplement together with interest accrued and unpaid, if any, to the date fixed for redemption **provided that** no such notice of redemption shall be given earlier than 90 days (or in the case of Floating Rate Notes a number of days which is equal to the lesser of the aggregate of the number of days in the then current Interest Period plus 60 days and 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.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof or the Issuer of their respective options to require the redemption of such Note under Condition 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call*

*Option*)) and 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*) respectively, below, if the due date for redemption under this Condition 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) would occur prior to that under Condition 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), respectively, but not otherwise and, in such circumstances, the exercise of the option under Condition 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), respectively shall be rendered ineffective.

Prior to giving any notice of redemption pursuant to this Condition 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) the Issuer may obtain a certificate of an independent legal adviser or accountant to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws of the United Kingdom (including any regulations pursuant thereto), or in the interpretation or administration thereof, which at the date of such certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist, and any such certificate shall be sufficient to establish the circumstances required by this Condition 7(b).

(c) ***Redemption at the Option of the Issuer (Call Option)***

Where the Notes are specified in the relevant Pricing Supplement as being redeemable at the option of the Issuer, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes) or otherwise as set out in the relevant Pricing Supplement, having given not less than 5 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Pricing Supplement) to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem on the Optional Redemption Date (Call Option) all or some only of the Notes then outstanding on the Optional Redemption Date (Call Option) and at the Redemption Amount (Call Option) as determined by the Issuer in accordance with the Conditions and as calculated in accordance with the formula or other means specified in the relevant Pricing Supplement, together with interest accrued but unpaid thereon to the date fixed for redemption.

If the Notes of a Series are to be redeemed in part only on any date in accordance with this paragraph (c):

- (i) in the case of Bearer Notes (other than a Note which is a Temporary Global Note or a Permanent Global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Principal Paying Agent may approve and deem appropriate and fair, subject to the rules and procedures of Euroclear and/or Clearstream, Luxembourg (such redemption 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); and
- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

subject always to compliance with all applicable laws and the requirements of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

Where a Minimum Redemption Amount (Call Option) and/or a Maximum Redemption Amount (Call Option) is specified in the relevant Pricing Supplement, the Redemption Amount (Call Option) shall not be less than the Minimum Redemption Amount (Call Option) and shall not be more than the Maximum Redemption Amount (Call Option).



In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 13 (*Replacement, Exchange and Transfer*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the Option of the Noteholder (Put Option)***

Where the Notes are specified in the relevant Pricing Supplement as being redeemable at the option of Noteholders, then where a Noteholder has given not less than 15 nor more than 30 days' notice to the Issuer with a copy to the Issue Agent in accordance with Condition 14 (*Notices*), (which notices shall be irrevocable), the Issuer shall, following receipt of such notice from the Noteholder and confirmation from the Issue Agent that it has been duly notified, redeem on the Optional Redemption Date (Put Option), so many of the Notes in respect of which such Noteholder has exercised such option as are outstanding on the Optional Redemption Date (Put Option) and at the Redemption Amount (Put Option) as determined by the Issuer in accordance with the Conditions and as calculated in accordance with the formula or other means specified in the relevant Pricing Supplement, together with interest accrued but unpaid thereon to the date fixed for redemption.

Where a Minimum Redemption Amount (Put Option) and/or a Maximum Redemption Amount (Put Option) is specified in the relevant Pricing Supplement, the Redemption Amount (Put Option) shall not be less than the Minimum Redemption Amount (Put Option) and shall not be more than the Maximum Redemption Amount (Put Option).

In order for any such notice given by a Noteholder to be effective, the Noteholder shall, on or prior to the date on which such notice is given, deposit the Note or Notes in respect of which such notice is given (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent, or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 7(b) (*Redemption and Purchase - Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase - Redemption at the Option of the Issuer*) or Condition 7(f) (*Redemption and Purchase - Illegality*).

(e) ***Early Redemption of Zero Coupon Notes***

(i) The redemption amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount calculated in accordance with Condition 7(j) (*Redemption and Purchase - Calculation and Rounding*) and equal to the sum of:

- (A) the Zero Coupon Note Reference Price; and
- (B) the product of the Accrual Yield (compounded annually) being applied to the Zero Coupon Note Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

(ii) Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Pricing Supplement for the purposes of Condition 6 (*Zero Coupon Notes*) and this Condition 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) (or, if no such relevant Day Count Fraction is specified, a Day Count Fraction of 30E/360 shall apply).

(f) ***Early Redemption for Illegality***

The Issuer shall have the right to terminate its obligations under the Notes, if the Calculation Agent shall have determined that the performance of such obligations under the Notes (or the Issuer's or the Issuer's designated affiliates' obligations under any hedging arrangements established in connection therewith) shall after the Trade Date:

- (i) have become unlawful, or
- (ii) unless "Early Redemption for Impracticability" is specified as not applicable in the relevant Pricing Supplement, have become impracticable,

in whole or in part, including, without limitation, as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power; **provided, however, that** if the Calculation Agent determines that the relevant obligations have become unlawful, the Issuer may obtain an opinion of an independent legal adviser to that effect prior to terminating its obligations under the Notes, and any such opinion shall be sufficient to establish the circumstances required by this Condition 7(f). In such circumstances the Issuer will pay to each Noteholder the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14 (*Notices*).

(g) ***Purchases***

Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise, and such Notes may be held, reissued, resold or, provided such Notes are held by the Issuer, at the option of the Issuer deissued or cancelled.

(h) ***Cancellation***

All Notes which are redeemed pursuant to Condition 7(a) (*Redemption and Purchase – At Maturity*), 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*), 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*) and 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) shall, and all Notes purchased, pursuant to this Condition 7(h) (*Redemption and Purchase – Cancellation*) may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Definitive Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(i) ***No Other Redemption Provisions***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 7(a) (*Redemption and Purchase – At Maturity*), 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*), 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) and 7(f) (*Redemption and Purchase – Early Redemption for Illegality*).

(j) ***Calculation and Rounding***

Any redemption amount payable on redemption of a Note (the "**Redemption Amount**") shall be calculated pursuant to this Condition 7 (*Redemption and Purchase*) and in rounding any values determined or calculated in connection with such Redemption Amount, the Calculation Agent shall apply the following rounding conventions:

- (i) if "Aggregate Outstanding Nominal Amount Rounding" is specified in the relevant Pricing Supplement as being applicable, in the case of Notes represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the Redemption Amount shall be calculated in relation to the Aggregate Outstanding Nominal Amount of the Notes represented by such global Note(s) or, as the case may be, such Uncertificated Registered Notes, rounded to the nearest currency sub-unit (half a sub-unit being rounded upwards or otherwise in accordance with applicable market convention) notwithstanding that the formula specified in the relevant Pricing Supplement may provide for the Redemption Amount to be calculated in relation to the Calculation Amount; or

- (ii) in the case of Notes in definitive form or if "Aggregate Outstanding Nominal Amount Rounding" is not specified in the relevant Pricing Supplement as being applicable, the Redemption Amount shall be calculated in relation to the Calculation Amount rounded to the nearest currency sub-unit (half a sub-unit being rounded upwards or otherwise in accordance with applicable market convention).

Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, or the Notes are represented by a global Note or global Notes or Notes which are in the form of Uncertificated Registered Notes, the Redemption Amount shall be the product of (1) the amount (determined in the manner provided above) payable in relation to the Calculation Amount and (2) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination or, as the case may be, the Aggregate Outstanding Nominal Amount (or, in the case of Instalment Notes (as defined in Condition 2(b)(ii) (*Form, Denomination and Title – Bearer Notes – General; Title*)), the Specified Denomination or, as the case may be, the Aggregate Outstanding Nominal Amount as reduced in proportion with any reduction of the outstanding nominal amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement without any further rounding). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 8. **Taxation**

### 8A. *Taxation - Gross-up*

This Condition 8A will be applicable to all Series of Notes unless it is specified in the relevant Pricing Supplement that Condition 8B (*Taxation - No gross-up*) is applicable.

All payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In the event that the Issuer is so required by law to withhold or deduct, it will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes and/or, as the case may be, Coupons, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Note or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with the United Kingdom or any other relevant jurisdiction, other than the mere holding of such Note or Coupon;
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non residence or other similar claim for exemption to the relevant tax authorities or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of principal or interest or by presenting the relevant Note or Coupon at the specified office of another Paying Agent;
- (c) more than 30 days after the Relevant Date (defined below) except, in the case of Bearer Notes, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;
- (d) in the case of Registered Notes, unless it is proved to the satisfaction of the Registrar that the Holder, immediately upon becoming the Holder, (i) was eligible for the benefits of a

tax treaty with the United Kingdom or any other relevant jurisdiction that provides for a complete exemption from withholding taxes on payments under the Notes, or (ii) was otherwise entitled to a complete exemption from withholding taxes on payments under the Notes; or

- (e) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Note or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Notes, if the full amount of the money payable has not been received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Holders in accordance with Condition 14 (*Notices*).

If the Issuer becomes resident for tax purposes in any taxing jurisdiction other than the United Kingdom, references in this Condition 8 (*Taxation*) to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

Any reference in these Conditions to principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 8 (*Taxation*);
- (ii) the principal amount payable on the relevant Notes on the Maturity Date;
- (iii) the principal amount payable on redemption of the relevant Notes prior to such Maturity Date; and
- (iv) any premium and any other amounts which may be payable under or in respect of the relevant Notes.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts permitted or required by the rules of IRC Section 871(m), or IRC Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**U.S. Permitted Withholding**"). Neither the Issuer nor any Paying Agent will have any obligation to pay additional amounts or otherwise indemnify a holder for any U.S. Permitted Withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of U.S. Permitted Withholding.

8B. *Taxation - No gross-up*

This Condition 8B will only be applicable to a Series of Notes where it is specified in the relevant Pricing Supplement that Condition 8B (*Taxation - No gross-up*) is applicable.

All payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges. **In the event that the Issuer is so required by law to withhold or deduct, the Issuer shall not be required to pay any additional amounts in connection with such withholding or deduction.**

9. **Payments**

(a) ***Bearer Notes***

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph). No payments on 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.

Payments of amounts due in respect of interest on Bearer Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States or its possessions (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and, if such Bearer Note is a Definitive Note or if the Pricing Supplement so specifies, a local banking day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4 (*Fixed Rate Note Provisions*), 5 (*Floating Rate Note, Index-Linked Interest Note Provisions*) or 6 (*Zero Coupon Notes*), as appropriate.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they appertain will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Upon the due date for redemption of any Definitive Note other than a Fixed Rate Note, all unmatured Coupons and Talons (if any) relating to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Definitive Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal 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 Condition 8 (*Taxation*)) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 12 (*Prescription*) or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and

no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall, in its sole and absolute discretion, determine which unmatured Coupons are to become void, and shall select, in its sole and absolute discretion, for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Definitive Notes becoming due and repayable prior to their Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 12 (*Prescription*) below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the due date for redemption of any Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

(b) **Registered Notes**

Payment of the amount due on final redemption in respect of Registered Notes will be made against presentation and, save in the case of partial payment of any such amount, surrender of the relevant certificate at the specified office of the Registrar or of the Transfer Agent. If the due date for payment of the Final Redemption Amount or any other redemption amount, as the case may be, of any Registered Note is not both a Relevant Financial Centre Day and, if such Registered Note is not in global form or if the Pricing Supplement so specifies, a local banking day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4 (*Fixed Rate Note Provisions*), Condition 5 (*Floating Rate Note, Index-Linked Interest Note Provisions*) or Condition 6 (*Zero Coupon Notes*), as appropriate.

Payment of amounts (whether principal, interest or otherwise) due (other than on final redemption) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (local time in the place of the specified office of the Registrar) on the fifteenth day prior to the due date for such payment (the "**Record Date**").

Payment will be made in the currency in which such amount is due either by cheque posted to the Noteholder's registered address (or, in the case of joint Holders, the first-named) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar or to the Transfer Agent and the Registrar or, as the case may be, the Transfer Agent has acknowledged such application for payment to be made to a designated account denominated in the relevant Settlement Currency (as defined in Condition 1 (*Definitions*)), in each case as specified in Condition 9(c) (*Payments – Uncertificated Registered Notes*) below.

(c) ***Uncertificated Registered Notes***

The Issuer shall pay or cause to be paid when due payments of principal and interest (if any) in respect of Uncertificated Registered Notes to the relevant Noteholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Notes must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

(d) ***General Provisions***

The following provisions apply to both Bearer Notes and Registered Notes (and do not apply to Uncertificated Registered Notes). Subject to Condition 9(e) (*Payments – Payment of Alternative Payment Currency Equivalent*), payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the relevant Settlement Currency either by cheque or, at the option of the payee, by transfer to an account in the relevant Settlement Currency specified by the payee other than, for payments in respect of Bearer Notes, any such account in the United States.

Payments and deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal or, as the case may be, payment of interest with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer or any parent or holding company of the Issuer or any subsidiary of any such parent or holding company to comply with the requirements of the US Federal Income Tax laws or such other laws as the Issuer or any such parent or holding company or subsidiary thereof may be required to comply with.

(e) ***Payment of Alternative Payment Currency Equivalent***

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, then if by reason of a FX Disruption Event, a Clearing System Currency Eligibility Event or any other event specified in the relevant Pricing Supplement as an Additional Alternative Payment Currency Event, the Issuer is not able to satisfy payments in respect of the Notes when due in the Settlement Currency, the Issuer may, settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on (i) the due date at the Alternative Payment Currency Equivalent of any such amount due or (ii) if in the applicable Pricing Supplement "Condition 1" is specified as applicable to the Alternative Payment Currency Fixing Date, the date falling the Alternative Payment Settlement Days after the due date at the Alternative Payment Currency Equivalent of any such amount due and, in each case, no further payment on account of interest or otherwise shall be due in respect of such postponed payment.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9(e) (*Payments – Payment of Alternative Payment Currency Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders. By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

(f) ***Price Source Disruption and FX Disruption***

(X) If "Price Source Disruption" is specified as being applicable in the relevant Pricing Supplement, then, if on any Scheduled FX Fixing Day:

- (A) a Price Source Disruption occurs, (other than as a result of an Unscheduled Holiday) and no Alternative Payment Currency Exchange Rate Fall-Back provisions, Underlying Currency Pair Exchange Rate Fall-Back provisions and/or Conversion Rate Fall-Back provisions (as applicable) are specified in the relevant Pricing Supplement, then the Calculation Agent shall:
- (1) determine the Relevant Rate by reference to the rate of exchange published by available recognised financial information vendors (as selected by the Calculation Agent acting in good faith and in a commercially reasonable manner) on the Scheduled FX Fixing Day (the "**Fallback Reference Price**"); or
  - (2) unless the Pricing Supplement specifies Dealer Poll as not applicable, in the event that the Calculation Agent is unable to determine a Fallback Reference Price in accordance with paragraph (1) above or the Calculation Agent determines that the Fallback Reference Price so determined does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market, the Calculation Agent will on the Scheduled FX Fixing Day request four Reference Dealers to provide a quotation of their rate for the Relevant Rate on such day. If at least two quotations are provided, the Relevant Rate will be the arithmetic mean of such quotations; and
  - (3) if (i) the Pricing Supplement specifies Dealer Poll as not applicable and the Calculation Agent is unable to determine a Fallback Reference Price in accordance with paragraph (1) above or the Calculation Agent determines that the Fallback Reference Price so determined does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market; (ii) the Calculation Agent determines that the Relevant Rate determined in accordance with paragraph (2) above does not accurately represent the rate which the Calculation Agent determines that the Issuer would be able to obtain in the general foreign exchange market; or (iii) fewer than 2 quotations are provided by Reference Dealers following the Calculation Agent's request pursuant to paragraph (2) above, the Calculation Agent will determine the Relevant Rate on the first succeeding Business Day on which the Price Source Disruption ceases to exist; **provided, however, that** if the Price Source Disruption continues for thirty consecutive calendar days (or such other number of calendar days as may be specified in the relevant Pricing Supplement) after the Scheduled FX Fixing Day (the "**FX Cut-off Date**"), the Calculation Agent shall determine its good faith estimate of the Relevant Rate on that FX Cut-off Date; or
- (B) an Unscheduled Holiday occurs (whether or not a Price Source Disruption also occurs), the Scheduled FX Fixing Day for such Relevant Rate and all other Relevant Rates which have the same Scheduled FX Fixing Day shall be postponed to the first succeeding Relevant Currency Business Day; **provided, however, that** in the event that the Scheduled FX Fixing Day is postponed as a result of the occurrence of an Unscheduled Holiday (a "**Postponed FX Fixing Day**"), and if the Postponed FX Fixing Day has not occurred on or before the thirtieth consecutive calendar day (or such other number of calendar days as may be specified in the relevant Pricing Supplement) after the Scheduled FX Fixing Day (any such period being a "**Deferral Period**"), then the next day after the Deferral Period that is or would have been a Relevant Currency Business Day but for an Unscheduled Holiday, shall be deemed to be the Postponed FX Fixing Day and the Calculation Agent shall determine its good faith estimate of the Relevant Rate on that Postponed FX Fixing Day.



(Y) Except to the extent that (i) "EM Price Source Disruption" is specified as being applicable, and (ii) "FX Disruption Event" is specified as being not applicable in the relevant Pricing Supplement, if at any time, a FX Disruption Event occurs, the Issuer, in its sole and absolute discretion, may elect to either:

- (A) having given not less than five days' notice to the Noteholders in accordance with Condition 14 (*Notices*), redeem all, but not some only, of the Notes at their Fair Market Value (and, if the FX Disruption Event occurs on a Scheduled FX Fixing Day on which there is a Price Source Disruption or Unscheduled Holiday, for the purposes of determining such Fair Market Value the Calculation Agent shall first determine any Relevant Rate (a) in accordance with sub-paragraph (X)(A) or (X)(B) above, as applicable, of Condition 9(f) (*Price Source Disruption and FX Disruption*)) if "Price Source Disruption" is specified as being applicable in the relevant Pricing Supplement or, alternatively (b) in good faith and in a commercially reasonable manner, on the date notified to the Noteholders; or
- (B) instruct the Calculation Agent to make such adjustment(s) to the Conditions as it determines to be necessary or desirable to reflect or account for any market practice that develops in respect of the FX Disruption Event,

**provided, however, that** in relation to sub-paragraphs (Y)(A) and (Y)(B) above, if as a result of the FX Disruption Event the Issuer is not able to satisfy payments in respect of the Notes when due in the Settlement Currency, the Issuer may settle any such payment pursuant to the provisions of Condition 9(e) (*Payment of Alternative Payment Currency Equivalent*).

(g) ***EM Price Source Disruption***

If "EM Price Source Disruption" is specified as being applicable in the relevant Pricing Supplement, then:

- (i) subject to sub-paragraph (iii) below and **provided that** no Conversion Rate Fall-Back provisions are specified in the relevant Pricing Supplement, if on any Scheduled FX Fixing Day:
  - (A) Price Materiality is specified as applicable and a Price Materiality occurs, the Relevant Rate shall be a rate determined by the Calculation Agent acting in good faith and in a commercially reasonable manner. For the avoidance of doubt, any rate achieved by the Issuer pursuant to a relevant hedging agreement shall be deemed to be a commercially reasonable rate;
  - (B) a Price Source Disruption occurs or is continuing, the relevant Conversion Rate Fixing Date shall be postponed until the first Conversion Rate Business Day after such Scheduled FX Fixing Date on which no Price Source Disruption exists (the "**Postponed FX Fixing Date**"), **provided that** if the Postponed FX Fixing Date has not occurred within the EM Deferral Period, the Conversion Rate will be determined in accordance with sub-paragraph (ii) below; or
  - (C) an Unscheduled Holiday occurs (whether or not a Price Source Disruption also occurs), the relevant Conversion Rate Fixing Date shall be postponed to the first succeeding Conversion Rate Business Day (the "**Postponed FX Fixing Date**"), **provided that** if the Postponed FX Fixing Date has not occurred within the EM Deferral Period the Conversion Rate will be determined in accordance with paragraph sub-paragraph (ii) below;
- (ii) subject to sub-paragraph (iii) below, notwithstanding the provisions of sub-paragraphs (i)(B) and (i)(C) above, in no event shall the total number of consecutive calendar days for which a fixing date is deferred due to (i) an Unscheduled Holiday, or (ii) a Price Source Disruption (or any combination of (i) and (ii)), exceed the EM Deferral Period. Accordingly, if on the first Conversion Rate Business Day (or date which would have

been a Conversion Rate Business Day but for the occurrence of an Unscheduled Holiday) after such period has lapsed (the "**Cut-off Fixing Date**") (X) an Unscheduled Holiday occurs or is continuing (but no Price Source Disruption occurs or is continuing on such day), then the Conversion Rate shall be a rate determined by the Calculation Agent, acting in good faith and a commercially reasonable manner, or (Y) a Price Source Disruption occurs or is continuing on such day, then the Conversion Rate shall be the Fallback Conversion Rate determined on the Cut-off Fixing Date; and

- (iii) notwithstanding any other provision of this Condition 9(g), if the Fallback Conversion Rate is not available or, at any time following the determination of the Conversion Rate or Fallback Conversion Rate, the Calculation Agent determines that such rate does not accurately represent the rate which the Calculation Agent determines that the Issuer could have achieved in the general foreign exchange market at the time such Conversion Rate or Fallback Conversion Rate was determined, the applicable Conversion Rate shall be a rate determined by the Calculation Agent acting in good faith and in a commercially reasonable manner. For the avoidance of doubt, any rate achieved by the Issuer pursuant to a relevant hedging agreement shall be deemed to be a commercially reasonable rate.

(h) ***Postponement of Payments***

- (i) If a Scheduled FX Fixing Day is postponed in accordance with Condition 9(f)(*Price Source Disruption and FX Disruption*) or Condition 9(g)(*EM Price Source Disruption*) (as applicable), any Related Payment Date will also be postponed, if needed, such that the Related Payment Date shall fall at least three (3) local banking days (or such other number of days as may be specified in the applicable Pricing Supplement) following the postponed Scheduled FX Fixing Day or, if later, the FX Cut-off Date or Postponed FX Fixing Date, as applicable.
- (ii) Unless Interest Adjustment is specified in the relevant Pricing Supplement as being applicable, no further payment on account of interest or otherwise shall be due in respect of any payment postponed pursuant to this Condition 9(h)(*Postponement of Payments*) (so that, for the avoidance of doubt, any interest payable in respect of the Notes on a Related Payment Date which is so postponed shall be calculated as if such Related Payment Date had not been postponed pursuant to this Condition 9(h)(*Postponement of Payments*) unless, in the case of a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in Condition 4 (*Fixed Rate Note Provisions*), 5 (*Floating Rate Note, Index-Linked Interest Note Provisions and other variable-linked interest Note Provisions*) or 6 (*Zero Coupon Notes*), as appropriate.

(i) ***LBMA Physical Settlement***

The following provisions apply where LBMA Physical Settlement is specified as being applicable in the relevant Pricing Supplement.

A. ***LBMA Transfer Notice***

- (i) Each Noteholder shall, on or before 4:00 pm (London time) on the date falling 5 Conversion Rate Business Days or Underlying Currency Pair Business Days (as applicable) before the relevant Interest Payment Date, the Maturity Date or date of early redemption of the Notes (as applicable) (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant Clearing System to perform their respective obligations hereunder and notify to the Paying Agents and the Noteholders accordingly) send to the relevant Clearing System, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, an irrevocable notice (an "**LBMA Transfer Notice**") in the form from time to time approved by the Issuer, which must:
  - (A) specify the name and address of the Noteholder;
  - (B) specify the number of Notes in respect of which he is the Noteholder;

- (C) specify the number of the Noteholder's account at the relevant Clearing System, to be debited with such Notes;
  - (D) irrevocably instruct and authorise the relevant Clearing System, (1) to debit the Noteholder's account with such Notes on the relevant Interest Payment Date, the Maturity Date or the relevant early redemption date of the Notes (as applicable) and (2) that no further transfers of the Notes specified in the LBMA Transfer Notice may be made;
  - (E) contain a representation and warranty from the Noteholder to the effect that the Notes to which the LBMA Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
  - (F) specify the number and account name of the account in London with a member of the LBMA where the relevant amount of interest, Final Redemption Amount, Early Redemption Amount and/or any other amount in respect of the Notes shall be credited;
  - (G) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to the relevant Clearing System, to debit on or after the relevant Interest Payment Date, the Maturity Date or the relevant early redemption date of the Notes (as applicable) the cash or other account of the Noteholder with the relevant Clearing System, specified in the LBMA Transfer Notice with such Transfer Expenses; and
  - (H) authorise the production of the LBMA Transfer Notice in any applicable administrative or legal proceedings.
- (ii) An LBMA Transfer Notice, once delivered to the relevant Clearing System, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of an LBMA Transfer Notice following delivery of such LBMA Transfer Notice to the relevant Clearing System. A LBMA Transfer Notice shall only be valid to the extent that the relevant Clearing System have not received conflicting prior instructions in respect of the Notes which are the subject of the LBMA Transfer Notice.
  - (iii) Failure properly to complete and deliver a LBMA Transfer Notice may result in such notice being treated as null and void with the consequence set out in subparagraph (C). Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the relevant Clearing System, after consultation with the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
  - (iv) The Principal Paying Agent shall promptly on the local banking day following receipt of a LBMA Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.

**B. *Delivery obligation***

Subject to the other provisions of this Condition 9(g), if the LBMA Physical Settlement provisions are specified in the relevant Pricing Supplement as being applicable, the Issuer shall discharge its obligation to deliver the relevant amount of interest, Final Redemption Amount, Early Redemption Amount and/or any other amount in respect of the Notes by crediting, or procuring the credit of, the same on the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) to the account in London with a member of the LBMA specified in the LBMA Transfer Notice of the relevant Noteholder.

**C. *LBMA Physical Settlement Fallback Redemption Amount***

In the event that any Noteholder fails to deliver a valid LBMA Transfer Notice by 4:00 pm on the day falling 5 Conversion Rate Business Days or Underlying Currency Pair

Business Days (as applicable) before the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant Clearing System to perform their respective obligations hereunder and notify to the Paying Agents and the Noteholders accordingly), the Calculation Agent shall determine the LBMA Physical Settlement Fallback Redemption Amount and the Issuer shall pay the LBMA Physical Settlement Fallback Redemption Amount in respect of each Note held by such Noteholder on the Maturity Date, the relevant Interest Payment Date or date of early redemption of the Notes.

D. *Disruption*

(i) *LBMA Physical Settlement Market Disruption Event*

If a LBMA Physical Settlement Market Disruption Event occurs or exists on any date on which the Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) is to be determined, the Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) shall be the rate determined by the Calculation Agent taking into consideration the latest available Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) as of a date on which no LBMA Physical Settlement Market Disruption Event occurred or existed and any other information which the Calculation Agent considers relevant.

(ii) *Settlement Disruption of LBMA Physical Settlement*

The Calculation Agent shall determine whether or not at any time a LBMA Physical Settlement Disruption Event has occurred and where it determines such an event has occurred and has prevented any delivery on the original day that but for such LBMA Physical Settlement Disruption Event would have been the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable), then such date will be the first succeeding day on which the relevant delivery can take place unless a LBMA Physical Settlement Disruption Event prevents settlement on each of the ten (10) Business Days immediately following the original date that, but for the LBMA Physical Settlement Disruption Event, would have been the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable). In that case, (a) if the relevant delivery can be effected in any other commercially reasonable manner, then the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) will be that tenth (10<sup>th</sup>) Business Day with delivery being effected in such manner, and (b) if such delivery cannot be effected in any other commercially reasonable manner, then the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) will be postponed until delivery can be effected in another commercially reasonable manner.

(h) *Conversion*

If Conversion provisions are specified as being applicable in the relevant Pricing Supplement in relation to any specified amount payable in respect of the Notes, the relevant amount payable in respect of the Notes will be determined in accordance with the relevant Conversion provisions specified in the relevant Pricing Supplement. Notwithstanding anything contained in these Conditions or the relevant Pricing Supplement, the currency of payment in respect of such amount shall be as determined in accordance with such Conversion provisions, such currency shall be deemed to be the Settlement Currency in respect of such payment and the "Settlement Currency Jurisdiction" specified in the relevant Pricing Supplement shall be deemed to be modified accordingly in relation to such amount.

10. **Redenomination**

(a) **General**

Where redenomination is specified in the relevant Pricing Supplement as being applicable, and in respect of Notes denominated in a National Currency Unit (as defined in Condition 1 (*Definitions*)), the Issuer may, without the consent of the Noteholders, upon giving at least 30 days' prior notice to the Noteholders in accordance with Condition 14 (*Notices*), designate a Redenomination Date.

With effect from the Redenomination Date:

- (i) each Note shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into such amount of euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Settlement Currency, converted into euro at the rate for the conversion of the relevant Settlement Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with EC regulations); **provided, however, that** if the Issuer determines that market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, then the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of the changes that will be required so as to comply with such market practice and such changes shall be deemed to be effective on the date which is 5 days following the date on which such notice is given to the Noteholders;
- (ii) if Notes are in definitive form:
  - (A) all unmatured Coupons denominated in the relevant Settlement Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Notes denominated in the Settlement Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 10(a)(ii) (*Redenomination – General*)) shall remain in full force and effect; and
  - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the relevant Settlement Currency in such manner as the Issuer may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the relevant Settlement Currency ceases to be a sub-division of the euro, 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 Settlement Currency were to euro. Such 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) maintained by the payee with a bank in the principal financial centre of any member state of the European Union; and
- (iv) such other changes will be made to the terms and conditions of the Notes as the Issuer may decide to conform such Notes to conventions then applicable to Notes denominated in euro. Any such other changes will not take effect until after it has been notified to the Noteholders in accordance with Condition 14 (*Notices*).

Neither the Issuer nor any Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

(b) **Interest**

Following redenomination of the Notes pursuant to 10(a) (*Redenomination – General*):

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines that the market practice in respect of internationally offered euro denominated securities is different from that specified above, then the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of the changes that will be required so as to comply with such market practice and such changes shall be deemed to be effective on the date which is 5 days following the date on which such notice is given to the Noteholders;
- (iii) in respect of Fixed Rate Notes where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Note on any Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines that the market practice in respect of internationally offered euro denominated securities is different from that specified above, then the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of the changes that will be required so as to comply with such market practice and such changes shall be deemed to be effective on the date which is 5 days following the date on which such notice is given to the Noteholders;
- (iv) in respect of Floating Rate Notes, the Interest Amount payable in respect of the Notes for each Interest Period will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during the Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest euro 0.01; and
- (v) in respect of Floating Rate Notes, the Rate of Interest for any subsequent Interest Period shall be determined by the Calculation Agent on the basis of provisions which it determines reflect the market practice in respect of internationally offered euro denominated securities.

11. **Events of Default**

If any one or more of the following events (each an "**Event of Default**") shall occur and be continuing in relation to a Series of Notes:

- (a) there is a default for more than 14 days in the repayment of any principal due on the Notes of such Series or any of them or in the payment of any interest due in respect of the Notes of such Series or any of them, **provided that** it shall not be such a default to withhold or refuse any such payment (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of 14 days by independent legal advisers acceptable to the Principal Paying Agent as to such validity or applicability; or
- (b) an order is made or an effective resolution is passed for the winding up of the Issuer in England (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved in writing by an Extraordinary Resolution of the Holders of the relevant Series of Notes),

then any Noteholder may, by written notice to the Issuer, effective upon the date of receipt thereof by the Issuer (such date the "**Early Redemption Date**"), declare the Note held by the Holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount, as specified in the relevant Pricing Supplement, together with interest accrued and unpaid until the date of its redemption, without presentment, demand, protest or other notice of any kind.

12. **Prescription**

Notes and Coupons will become void unless presented for payment within a period of 10 years and five years, respectively, from the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 (*Prescription*) or Condition 9 (*Payments*).

13. **Replacement, Exchange and Transfer**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office (in the case of a Bearer Note or Coupon) of the Issue Agent or (in the case of Registered Notes) of the Registrar or of the Transfer Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement and the relevant Pricing Supplement, a Registered Note may be exchanged for a Registered Note or Notes of equal aggregate principal amount in such different authorised denominations as may be requested by the Noteholder by surrender of such Registered Note at the specified office of the Registrar or of the Transfer Agent, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement, a Registered Note, in definitive form, may be transferred in whole or in part only (**provided that** such part is, or is an appropriate multiple of, the minimum denomination set out in the Pricing Supplement) by the Holder or Holders surrendering the Registered Note for registration of transfer at the specified office of the Registrar or the Transfer Agent, duly endorsed by, or accompanied by a written instrument to transfer in form satisfactory to the Issuer

and the Registrar or the Transfer Agent, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

If so set out in the relevant Pricing Supplement, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent or of the Registrar or the Transfer Agent, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined below) where the exchange date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 9(b) (*Payments - Registered Notes*)) for such payment of interest and the date on which such payment of interest falls due.

Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for delivery at the specified office of the Registrar or the Transfer Agent, or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail or insurance charges that may be imposed in relation hereto, shall be borne by the Issuer.

The Registrar or the Transfer Agent, as the case may be, shall not be required to register the transfer or exchange of Registered Notes for a period of 15 days preceding the due date for any payment of principal or interest in respect of such Notes.

14. **Notices**

(a) ***Notices to Noteholders***

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid: (i) if published, in the case of Bearer Notes and Coupons, in one leading daily newspaper with circulation in London (which is expected to be the *Financial Times* or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe); (ii) in the case of Registered Notes, if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders; **provided that**, in each case, in the case of Notes admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of such listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation have been complied with; and (iii) in the case of Uncertificated Registered Notes, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange. Any such notice shall be deemed to have been given on the date of such publication or delivery or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.



(b) ***Notices from Noteholders***

Notices given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note or Notes (if applicable), with the Principal Paying Agent or other Paying Agent or with the Registrar (as the case may be) at its specified office.

15. **Paying Agents, Calculation Agents, Issue Agents, Transfer Agents and Registrars**

- (a) The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Calculation Agents, the initial Issue Agent, the initial Transfer Agent, the initial Registrar and their respective initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar and/or approve any change in the specified office through which any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar acts, **provided that:**

- (i) so long as any Bearer Notes are outstanding, there will at all times be a Principal Paying Agent; and
  - (ii) so long as any Registered Notes are outstanding, there will at all times be a Registrar and a Transfer Agent.
- (b) In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 9(a) (*Payments - Bearer Notes*). Any variation, termination, appointment or change shall only take effect (other than in the case of an insolvency, when it shall be of immediate effect) after notice has been given to the Noteholders in accordance with Condition 14 (*Notices*).
- (c) Except as otherwise provided in these Conditions or in a relevant Pricing Supplement, all calculations and determinations made by the Calculation Agent pursuant to the Conditions for the purposes of the Notes (including any determinations by the Calculation Agent as to the exercise or non-exercise by it of its powers, duties and discretions for such purposes) shall be made in good faith and in a commercially reasonable manner.
- (d) The Agents and the Calculation Agent shall not act as agents for the Noteholders but shall be agents of the Issuer. All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

16. **Meetings of Noteholders, Modification and Substitution**

(a) ***Meetings of Noteholders***

The Master Note Issuance Agreement contains provisions for convening meetings of the Holders of the Notes of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Note Issuance Agreement) of a modification of the Notes or any of the provisions of the Master Note Issuance Agreement. Such a meeting may be convened by the Issuer or by Holders of the Notes of any Series holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of the Notes of any Series whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes, reducing or cancelling the amount of principal payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders of the Notes of any Series shall be binding on all the Noteholders,

whether or not they are present at the meeting. Any modification of the Notes shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

(b) ***Modification***

Subject in case of the Master Note Issuance Agreement or the Issuing and Paying Agency Agreement (as applicable) to the agreement of the other parties thereto, the Issuer may agree, without the consent of the Noteholders, to:

- (i) any modification (except as mentioned above) of the Master Note Issuance Agreement or the Issuing and Paying Agency Agreement or the Conditions which is not materially prejudicial to the interests of the Noteholders as a whole;
- (ii) any modification of the Conditions or the Master Note Issuance Agreement or the Issuing and Paying Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (iii) any modification of the Notes which is made to correct an inconsistency between the Pricing Supplement and conditions of the Note issue (comprising these Conditions as completed by the relevant Pricing Supplement) and the relevant termsheet relating to the Notes.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

(c) ***Substitution***

The Issuer may also agree, without the consent of the Noteholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer as principal debtor under the Notes of any Series and the Coupons appertaining thereto (if any), **provided that** such Notes and the Coupons appertaining thereto (if any) are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Noteholders in accordance with Condition 14 (*Notices*). In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Noteholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Noteholder.

17. **Provision of Information**

The Issuer shall, during any period in which it is not subject to and in compliance with the periodic reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Holder of a Note which is a "**restricted security**" within the meaning of Rule 144(a)(3) under the Securities Act or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the specified office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

18. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders of Notes of any Series or Holders of the Coupons appertaining thereto (if any) to create and issue further notes ranking equally in all respects with the Notes of such Series so that the same shall be consolidated and form a single series with such Notes for the time being outstanding.

19. **Effects of European Economic and Monetary Union**

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine the effective date of such adjustment) as it determines to be appropriate, if any, to the formula for the Final Redemption Amount, Early Redemption Amount or any amount of interest set out in the relevant Pricing Supplement and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the National Currency Units and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

20. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

21. **Governing Law**

(a) ***Governing law***

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by and shall be construed in accordance with English law.

(b) ***English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with the Notes (including any Dispute regarding the existence, validity or termination of the Notes or the consequence of their nullity).

## PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

As the Notes are issued in bearer form, for U.S. federal income tax purposes they will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(D) ("**TEFRA D**", which definition shall include any successor rules in substantially the same form as TEFRA D for the purposes of Section 4701 of the U.S. internal Revenue Code). The Notes will be represented upon issue by a temporary global note in bearer form without interest coupons (the "**Temporary Global Note**"). The Temporary Global Note will be deposited on or around the issue date of the Notes with a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear system and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable for interests in a Permanent Global Note, on or after the date which is forty days after the date on which such Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note.

For the purposes of complying with TEFRA D, the Notes may not be offered or sold to a United States person. "**United States person**" means any person who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof or therein or (iii) an estate or trust the income of which is subject to United States taxation regardless of its source.

The forms of Temporary Global Note and Permanent Global Note (each, a "**Global Note**") will contain provisions applicable to the Notes represented thereby, some of which modify the effect of the Conditions of the Notes. Certain of these are summarised in this section.

All payments, if any, in respect of the Notes when represented by a Temporary Global Note or Permanent Global Note will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents. On each occasion on which a payment is so made, the Issuer shall procure that record of such payment is noted on a schedule to the relevant Global Note.

In respect of the Notes represented by Global Notes, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Notes will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg from time to time. For so long as the relevant Notes are represented by the Global Notes, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes.

The records of the relevant clearing systems which reflect the amount of Noteholders' interests in the Notes shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes.

An exchange of a Temporary Global Note for a Permanent Global Note will be made only on or after the Exchange Date (as set out in the Final Terms) and provided certification as to the beneficial ownership thereof as required by the US Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depository) has been received.

The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole or in part) for a Permanent Global Note, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

If any date on which a payment is due on the Notes whilst the Notes are represented by the Temporary Global Note, the related payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by the US Treasury regulations (in

substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depository) has been received by Euroclear or Clearstream, Luxembourg. Payments of amounts due in respect of the Permanent Global Note will be made through any of Euroclear or Clearstream, Luxembourg without any requirement for certification.

Interests in the Permanent Global Note will be exchanged, at the cost and expense of the Issuer, by the Issuer in whole (but not, subject to (b) below, in part only), for Definitive Notes (a) at the option of the holder of such Permanent Global Note, for Definitive Notes, (i) if the Notes become immediately repayable in accordance with Condition 8 (*Events of Default*), or (ii) if any of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, or (b) at the option of the Issuer where the Issuer or any Paying Agent, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if the Notes were in definitive form.

The Notes shall be tradable only in principal amounts of at least the lowest Denomination.

All notices to the Holders of Notes appertaining thereto will be valid, in the case of Notes in global form, if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to the persons shown in their respective records as having interests therein; **provided that**, in each case, in the case of Notes that have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, the rules of such listing authority, stock exchange and/or quotation system have been complied with. Any such notice shall be deemed to have been given on the date of such delivery or, if the Notes are admitted to listing, trading and/or quotation and publication is required under the applicable rules of the relevant listing authority, stock exchange and/or quotation system, on the date of publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

## TAXATION

**Transactions involving the Notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving the Notes should consult their own tax advisers.**

### **United Kingdom Taxation**

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest and certain other payments in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

#### **(A) United Kingdom Withholding Tax**

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be regarded as "listed on a recognised stock exchange" for this purpose if (and only if) they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part VI of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Irish Stock Exchange is a recognised stock exchange for these purposes, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be listed on the Irish Stock Exchange and admitted to trading on its Global Exchange Market.
3. In addition to the exemptions set out in paragraphs 1 and 2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with HMRC's Statement of Practice 4/96, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:
  - (a) the borrowing in question conforms to any of the definitions of additional tier 1 or tier 2 capital adopted by the United Kingdom Prudential Regulation Authority whether or not it actually counts towards additional tier 1 or tier 2 capital for regulatory purposes; or
  - (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In a technical note published in December 2013 in connection with the introduction of an exemption from withholding for regulatory capital securities, HMRC announced that Statement of Practice 4/96 will be withdrawn in due course and guidance will be issued reflecting HMRC's views on certain matters described therein.

4. In all other cases, falling outside the exemptions described in paragraphs 1, 2 and 3 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply.
5. Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

**(B) United Kingdom Withholding Tax - Other Payments**

Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment, a manufactured payment, rent or similar income or royalties for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Pricing Supplement of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to any exemption from withholding which may apply and to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double tax treaty.

**(C) Other Rules Relating to United Kingdom Withholding Tax**

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.
3. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "**interest**" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "**interest**" or "**principal**" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.
5. The above summary under the heading of "United Kingdom Taxation – Notes" assumes that there will be no substitution of the Issuer pursuant to Condition 15 (*Meetings of Noteholders, Modifications and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

**Other Taxation Matters**

***EU Taxation – Proposed Financial Transactions Tax ("FTT")***

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

The proposed FTT has very broad scope. If introduced in the form proposed on 14 February 2013, it could apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the 14 February 2013 proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission 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 EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.



## SUBSCRIPTION AND SALE OF NOTES

### General

- (1) The Dealer has pursuant to a Master Note Issuance Agreement, agreed with the Issuer to subscribe for the Notes at their Issue Price on the Issue Date, subject to the terms and conditions contained therein.
- (2) Other than with respect to the admission of the Notes to the Official List of the FCA and to trading on the London Stock Exchange, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealer that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute this Prospectus or related offering material, in all cases at their own expense.

### European Economic Area

#### *Public Offer Selling Restriction under the Prospectus Directive*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State may not be made except that with effect from and including the Relevant Implementation Date, an offer of such Notes to the public in that Relevant Member State may be made:

- (a) *Approved prospectus*: if the drawdown prospectus in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is a base prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measures implementing the Prospectus Directive in that Member State, the expression "**Prospectus**

**Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### **United Kingdom**

An invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of Notes in circumstances in which section 21(1) of the Financial Services and Markets Act 2012 ("**FSMA**") would not, if it was not an authorised person, apply to the Issuer.

All applicable provisions of the FSMA must be complied with in respect of anything done in connection with the Notes in, from or otherwise involving the United Kingdom.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

The Dealer has agreed that, except as permitted by the Master Note Issuance Agreement, (a) it will not offer, sell or deliver Notes, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Series of which such Notes are a part, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and (b) it will send to each dealer to which it sells Notes during the periods referred to in (a)(i) and (ii) above 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.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche 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.

## GENERAL INFORMATION

*This section provides additional, general disclosure in relation to the Programme.*

1. The continuation of the Programme and the issue of Notes under the Programme have been duly authorised by and pursuant to a resolution of the board of directors of the Issuer (the "**Board**") passed on 16 February 2017.
2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number ("**ISIN**") and common code ("**Common Code**") are XS1646518784 and 164651878. The address of Euroclear Bank SA/NV is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Banking S.A. is 42 Avenue JF Kennedy, L-1855 Luxembourg.
3. In relation to the Issuer, any transfer of, or payment in respect of, a Note involving (i) any person or body, or the government of any country, who or which is at the relevant time the subject of United Nations, European Union, United Kingdom or United States sanctions or other similar measures implemented or effective in the United Kingdom, (ii) any person or body resident in, incorporated in or constituted under the laws of, or carrying on a business in, any such country or exercising public functions in any such country, or (iii) any person or body owned or controlled by any of the foregoing or by any person acting on behalf of the foregoing, may be subject to restrictions and may be the target of any such sanctions or other similar measures.
4. The Notes are intended to be admitted to listing on the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange will be so admitted to listing and trading upon submission to the FCA and the London Stock Exchange of the relevant Final Terms and any other information required by the FCA and/or the London Stock Exchange, subject in each case to the issue of the relevant Notes. Prior to listing and admittance to trading of Notes, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the date of the transaction.
5. There has been no significant change in the financial position of the Issuer and its subsidiary undertakings (the "**Group**") since 30 June 2017 nor any material adverse change in the prospects of the Issuer since 31 December 2016.
6. Save as disclosed in Note 30 "*Legal proceedings and regulatory matters*" on pages 126 to 130 of the 2016 Annual Report and Accounts of the Group for the year ended 31 December 2016 and in Note 9 "*Legal proceedings and regulatory matters*" on page 41 to 45 of the 2017 Interim Report and Accounts (incorporated by reference herein), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12-month period before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.
7. S W Leathes, with effect from 21 April 2017, stepped down from the Board of Directors.
8. As of the date of this Prospectus, the directors of the Issuer, each of whose business address is 8 Canada Square, London, E14 5HQ, United Kingdom, their functions in the Issuer and their principal activities (if any) outside the Issuer where these are significant with respect to the Issuer are as follows rather than as set out in the Registration Document:

Name	Function	Other principal activities outside of the Bank
J Symonds**	Chairman	Senior independent non-executive Director, HSBC Holdings plc  Interim Chairman of the Nominations Committee of HSBC Holdings plc  Chairman of the Group Audit Committee and a member of the HSBC Group Conduct and Values

Name	Function	Other principal activities outside of the Bank
		Committee Chairman of Proteus Digital Health Inc. Director of Genomics England Limited Advisor to Aetion, Inc
J F Trueman**	Deputy Chairman	Chairman of HSBC Private Bank (UK) Limited and HSBC Asset Management Limited Limited Liability Partner of RLPE SBS Fund and RJD Partners SBS Fund Director and Shareholder of XT Eastcombe Underwriting Limited Member of the Development Council of the Grange Park Festival
A P Simoes	Chief Executive	Group Managing Director of HSBC Holdings plc Director of HSBC France Chairman of the Practitioner Panel of the FCA Member of the Banking Standards Board
J Coyle**	Director	Chairman of HSBC Trust Company (UK) Limited Non-executive Director of Scottish Water Non-executive Director Honeycomb Finance plc Member of the Financial Reporting Council Member of the Institute of Chartered Accountants in Scotland Chairman of the Risk and Audit Committee of WorldFirst Member of the HSBC Bank plc Risk sub-committee for Global Banking and Markets Risk Oversight
Dame Denise Holt**	Director	Chairman of the Alzheimers Society Nominations Committee Non-executive Director of Iberdrola SA Non-executive Director and Governor of Nuffield Health
D Lister**	Director	Non-executive Director of FDM Group (Holdings) plc and the Department for Work and Pensions Non-executive Director and Governor of Nuffield Health Non-executive Director of CIS General Insurance Trustee of The Tech Partnership
Dame Mary Marsh**	Director	Non-executive Chair of Trustees of the Royal College of Paediatrics and Child Health Independent Director of the London Symphony Orchestra Governor of the London Business School

Name	Function	Other principal activities outside of the Bank
		Trustee of Teach First Non-executive Director of Stablestones Limited
T B Moulounguet**	Director	Director of HSBC France, Chairman of its Audit Committee and a member of its Risk Committee Director of Fimalac, FIMALAC Developments, Groupe Lucien Barrière, Valéo and the Prodways Group Non-executive Director of Soc La Revue Des Deux Mondes and of Trois S Entertainment
E Strutz**	Director	Member of the Supervisory Board and Chairman of the Risk and Audit Committees of HSBC Trinkaus & Burkhardt AG, Germany Member of the Board of Directors of Partners Group holdings AG, Switzerland Member of the Foundation Council of Stiftung Tumorforschung Kopf-Hals

\*\* Independent non-executive Director

9. The Issuer's Executive Committee, whose business address is 8 Canada Square, London, E14 5HQ, United Kingdom, meets regularly and operates as a management committee under the direct authority of the board of directors of the Issuer. As of the date of this Prospectus, the members of the Executive Committee and their functions in the Issuer and their principal activities (if any) outside the Issuer where these are significant with respect to the Issuer are as follows rather than as set out in the Registration Document:

Name	Function	Other principal activities outside the Bank
A P Simoes	Chairman	Group Managing Director, HSBC Holdings plc
I Stuart	Chief Executive Officer, HSBC UK	Group General Manager, HSBC Holdings plc
C Allen	Head of Global Private Banking, UK and Channel Islands	-
J Beunardeau	Chief Executive Officer, HSBC France	Group General Manager, HSBC Holdings plc
A Brandao	Head of Global Banking and Markets	Group General Manager, HSBC Holdings plc
C Davies	Chief Executive Officer, International	Group General Manager, HSBC Holdings plc
J Emmett	Chief Operating Officer	Group General Manager, HSBC Holdings plc
K Epworth	Regional Head of Communications	-
R J H Gray	General Counsel	Group General Manager, HSBC Holdings plc
A Hewitt	Head of Regulatory Compliance	-

<b>Name</b>	<b>Function</b>	<b>Other principal activities outside the Bank</b>
N Hattrell	Head of Human Resources	Group General Manager, HSBC Holdings plc
P Reid	Chief Risk Officer	-
C Graefin von Schmettow	Chief Executive Officer, Germany	-
A Murphy	Head of Commercial Banking, HSBC UK	-
D Watts	Chief Financial Officer	-
T Walter	Head of Strategy and Chief of Staff to HSBC Bank plc CEO	-
S Kingsbury	Head of Financial Crime Compliance	-

10. In relation to paragraphs 8 and 9 above, there are no existing or potential conflicts of interest between any duties owed to the Issuer by its directors and its Executive Committee (each as described above) and the private interests and/or external duties owed by these individuals.

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**PRINCIPAL PAYING AGENT, ISSUE AGENT AND PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**LEGAL ADVISERS TO THE ISSUER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom