

## INFORMATION MEMORANDUM



Skandinaviska Enskilda Banken

*(Incorporated in the Kingdom of Sweden with limited liability)*

### Structured Note Programme

Under this Programme, Skandinaviska Enskilda Banken AB (publ) (the **Bank**) may, subject to all applicable legal and regulatory requirements, from time to time issue Notes of any kind including but not limited to Notes relating to a specified index or a basket of indices (**Index Linked Notes**), a specified share or a basket of shares, a specified American depositary receipt or global depositary receipt or a basket thereof (**Equity Linked Notes**), a specified currency or a basket of currencies (**Currency Linked Notes**), a specified commodity or commodity index or a basket of commodities and/or commodity indices (**Commodity Linked Notes**), a specified fund or basket of funds (**Fund Linked Notes**) and the credit of a specified entity or entities (**Credit Linked Notes**) and, or any combination of the foregoing. Notes may also bear interest. Notes may be issued in bearer form or in uncertificated and dematerialised book entry form cleared through any of VIP Securities A/S, the Danish central securities depository, the Norwegian Central Securities Depository (*Verdipapirsentralen*), Euroclear Sweden AB or The Finnish Central Securities Depository, Euroclear Finland Oy and may be denominated in any currency agreed between the Bank and the Dealers (as defined below).

**See "Risk Factors" for a discussion of certain factors that should be carefully considered by potential investors.**

With the exception of any VP System Notes, the Notes will be represented initially by global Notes, without interest coupons, which will be deposited either with a common depository or common safekeeper for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and/or Euroclear Bank S.A./N.V. (**Euroclear**) on the date of issuance thereof. Temporary Global Notes (as defined herein) will be exchangeable either for a Permanent Global Note (as defined herein) or for definitive securities following the expiration of 40 days after the issuance thereof, upon certification as to non-U.S. beneficial ownership and as may be required by U.S. tax laws and regulations. VP System Notes will be issued in uncertificated and dematerialised book entry form cleared through the VP System specified in the applicable Final Terms.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for notes (the **Notes**) issued under the programme (the **Programme**) described in this Information Memorandum during the period of 12 months from the date hereof to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Information Memorandum to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the **SEC**) or any state securities commission in the United States nor has the SEC or any State securities commission passed upon the accuracy or the adequacy of this Information Memorandum. Any representations to the contrary are a criminal offence in the United States.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any State or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)). See "*Subscription and Sale*".

**All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction unless any such deduction is required by law. In the event that any such deduction is required the Bank will not be required to pay any additional amounts to cover the amounts so deducted.**

Each of Standard & Poor's Credit Market Services Europe Limited (**S&P**), Moody's Investors Services Limited (**Moody's**) and Fitch Ratings Limited (**Fitch**) has rated SEB, see page 21. Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No.1060/2009 (as amended) (the **CRA Regulation**). As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. Please also refer to "*Credit ratings may not reflect all risks*" in the Risk Factors section of this Information Memorandum.

## **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**

22 June 2012

This Information Memorandum comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**). In accordance with Article 18 of the Prospectus Directive, the FSA has been requested to provide the competent authorities in each of Sweden, Norway, Finland, France, Germany and Luxembourg with a certificate of approval attesting that the Information Memorandum has been drawn up in accordance with the Prospectus Directive.

The Bank accepts responsibility for the information contained in this document. To the best of the knowledge of the Bank (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. References in this Information Memorandum to **Group** or to **SEB** are to the Bank and its subsidiaries, taken as a whole. This paragraph should be read in conjunction with the fourth paragraph on the cover of this Information Memorandum.

The Bank has confirmed to the dealers (the **Dealers**) named under “*Summary of the Programme*” that this Information Memorandum (as defined below) is true and accurate in all material respects and not misleading; that there are no other facts in relation to the information contained or incorporated by reference herein the omission of which would, in the context of the issue of the Notes, make any statement herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Bank has further confirmed to the Dealers that this Information Memorandum (subject to being supplemented by a final terms document (the **Final Terms**) referred to herein) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Bank and its subsidiaries and of the rights attaching to the relevant Notes.

This document should be read and construed with any supplement thereto (this document, as supplemented from time to time, the **Information Memorandum**), with any Final Terms and with any other documents incorporated by reference (see “*Documents Incorporated by Reference*”).

Subject as provided in the applicable Final Terms, the only persons authorised to use this Information Memorandum in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer, the Managers or the Financial Intermediaries, as the case may be.

**An investor intending to acquire or acquiring any Notes from any person (referred to as an Offeror) will do so, and offers and sales of the Notes to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such investor including as to price, allocations and settlement arrangements. The Bank will not be a party to any such arrangements with investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Information Memorandum and any Final Terms will not contain such information. Each investor must look to the Offeror at the time of such offer for the provision of such information. The Bank has no responsibility to any investor in respect of such information.**

The Bank has not authorised the making or provision of any representation or information regarding the Bank or the Notes other than as contained or incorporated by reference in this Information Memorandum, in the Dealership Agreement (as defined herein), in any other document prepared in connection with the Programme or any Final Terms or as approved for such purpose by the Bank. Any such representation or information should not be relied upon as having been authorised by the Bank, the Dealers or any of them.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained herein. Neither the delivery of this Information Memorandum or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that there has been no adverse change in the financial situation of the Bank since the date hereof or, as the case may be, the date upon which this document has been most recently supplemented.

The distribution of this Information Memorandum and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. The Dealers do not represent that this Information Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum 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 Information Memorandum or any Final Terms comes are required by the Bank and the Dealers to inform

themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Information Memorandum or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. **Neither this Information Memorandum nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

This Information Memorandum has been prepared by the Bank for use in connection with the offer and sale of the Notes in reliance upon Regulation S outside the United States to persons other than U.S. persons.

Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Bank, the Dealers or any of them that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Information Memorandum or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Bank.

This Information Memorandum has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Information Memorandum as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Bank has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Bank nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Bank or any Dealer to publish or supplement a prospectus for such offer.

All references in this Information Memorandum to **SEK** or **Kronor** are to the currency of the Kingdom of Sweden, to **Danish krone** are to the currency of the Kingdom of Denmark, to **JPY** or **Japanese Yen** are to the currency of Japan, to **Norwegian krone** are to the currency of the Kingdom of Norway, to **GBP**, **British Pound** or **Pounds Sterling** are to the currency of the United Kingdom, to **CHF** or **Swiss Francs** are to the currency of Switzerland, to **USD**, **U.S. Dollars** or **United States Dollars** are to the currency of the United States of America and to **€** or **euro** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

**THE PROGRAMME PROVIDES FOR THE ISSUANCE OF REFERENCE ITEM LINKED NOTES. THE PURCHASE OF SUCH NOTES MAY INVOLVE SUBSTANTIAL RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT OR EQUITY SECURITY AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER THE SUITABILITY OF THAT INVESTMENT CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, INCLUDING A CONSIDERATION OF (I) ALL THE INFORMATION SET FORTH IN THIS INFORMATION MEMORANDUM AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS.**

Each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) consider the impact the Notes will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The risks involved in an investment in any Reference Item linked Notes (which term includes any Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes or Credit Linked Notes (each as defined below) or other Notes linked to one or more Reference Item(s)) will include, but will not be limited to, the risks set out in "*Risks related to the structure of a particular issue of Notes*" below.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

## PRESENTATION OF FINANCIAL INFORMATION

### Interim financial statements

SEB's unaudited consolidated interim financial statements as of and for the three-month periods ended 31st March, 2012 and 31st March, 2011 (the **Interim Financial Statements**) incorporated by reference in this Information Memorandum have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union, including making use of the version of IAS 39 endorsed by the European Union with respect to portfolio hedges of interest rate risks (**IFRS**). The Interim Financial Statements have been reviewed by PricewaterhouseCoopers AB, as set forth in the review report incorporated by reference in this Information Memorandum.

In connection with the preparation of the Interim Financial Statements, SEB restated the comparable financial statements as of and for the three months ended 31st March, 2011 to reflect the sale of its retail banking business in Ukraine (**Retail Ukraine**) as discontinued operations. Discontinued operations in the three months ended 31st March, 2011 include Retail Germany as discussed below although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011.

### Annual financial statements

SEB's audited consolidated financial statements as of and for the years ended 31st December, 2011 (the **2011 Financial Statements**) and 31st December, 2010 (the **Original 2010 Financial Statements** and, together with the 2011 Financial Statements, the **Financial Statements**) are each incorporated by reference in this Information Memorandum and have been prepared in accordance with IFRS. In accordance with IFRS 5 (Discontinued Operations):

- in connection with the preparation of the 2011 Financial Statements, SEB restated the comparable financial statements as of and for the year ended 31st December, 2010 (the **Restated 2010 Financial Statements**) to reflect the sale of Retail Ukraine as discontinued operations. Discontinued operations in 2011 and 2010 include Retail Germany as discussed below although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011; and
- in connection with the preparation of the Original 2010 Financial Statements, SEB restated the comparable financial statements as of and for the year ended 31st December, 2009 (the **Restated 2009 Financial Statements**) to reflect the sale of its retail banking business in Germany (**Retail Germany**) as discontinued operations.

The Financial Statements have been audited by PricewaterhouseCoopers AB, with Peter Clemedtson as auditor in charge, as set forth in the auditors' reports incorporated by reference in this Information Memorandum.

### Effects of the sale of Retail Ukraine

On 18th November, 2011, SEB announced that it had agreed to sell Retail Ukraine to the Eurobank Group. This sale was completed in June 2012.

This transaction impacted the Interim Financial Statements and the 2011 Financial Statements as follows:

- in accordance with IFRS 5, Retail Ukraine is separately reported in the income statements included in the Group's Interim Financial Statements, 2011 Financial Statements and Restated 2010 Financial Statements on a net basis as discontinued operations and the rest of the income statement is prepared on the basis that the discontinued operations were never part of the Group's continuing operations; and
- in SEB's balance sheet as at 31st March, 2012 and 31st December, 2011 included in the Interim Financial Statements and the 2011 Financial Statements, respectively, the assets and liabilities relating to the discontinued operations have been presented separately as assets and liabilities held for sale as at 31st March, 2012 and as at 31st December, 2011, respectively. In accordance with IFRS, no similar adjustments have been made to the 31st March, 2011 or the 31st December, 2010 balance sheets.

### Effects of internal reorganisation in 2011

With effect from 1st January, 2011, the financial results of certain corporate and institutional activities in the Baltic countries carried on by the Merchant Banking division, such as trading and capital markets and transaction services, have been recorded as results of the Baltic division. In addition, certain other internal financial changes have been made, including greater centralisation of the Treasury function and increased central cost allocation among the different divisions. None of these changes affect the Group's results of

operations. SEB has, however, in the 2011 Financial Statements, where relevant, restated the comparable financial information for each division as of and for the year ended 31st December, 2010 to reflect these changes. Accordingly, divisional financial information presented in this Information Memorandum as of and for the years ended 31st December, 2011 and 31st December, 2010 reflects these changes. No similar adjustments were made in the Original 2010 Financial Statements.

### **Effects of the sale of Retail Germany**

On 12th July, 2010, SEB announced that it had agreed to sell Retail Germany to Banco Santander S.A. (**Banco Santander**). The transaction was structured as a carve out, which means that the assets and liabilities relating to Retail Germany were separated from SEB AG into a carve out entity which was transferred to the buyer upon closing of the transaction, which took place on 31st January, 2011. This transaction impacted the Original 2010 Financial Statements as follows:

- in accordance with IFRS 5, the carve out entity is separately reported in the Group's 2010 income statement (and its restated 2009 income statement) on a net basis as discontinued operations and the rest of the income statement is prepared on the basis that the discontinued operations were never part of the Group's continuing operations. Discontinued operations in 2011 also include Retail Germany although the consolidation of Retail Germany ended when the sale was completed on 31st January, 2011; and
- in SEB's balance sheet as at 31st December, 2010 included in the Original 2010 Financial Statements, the assets and liabilities relating to the discontinued operations have been presented separately as assets and liabilities held for sale as at 31st December, 2010. In accordance with IFRS, no similar adjustments have been made to the 31st December, 2009 balance sheet.

### **Comparability of information**

Reflecting the sale of Retail Ukraine and Retail Germany, unless otherwise stated in this Information Memorandum:

- financial information as of and for the three months ended 31st March, 2012 and 31st March, 2011 has been extracted from the Interim Financial Statements;
- financial information as of and for the year ended 31st December, 2011 has been extracted from the 2011 Financial Statements; and
- save where expressly stated in this document, financial information as of and for the year ended 31st December, 2010 has been extracted from the Restated 2010 Financial Statements.

Unless otherwise stated, in this Information Memorandum financial information with respect to each individual SEB division or geographic segment does not reflect the elimination of inter-segmental transactions, which are reported at the Group level under "Other incl. eliminations". In addition to these inter-segmental eliminations, "Other incl. eliminations" includes costs of Group support functions not allocated to another segment, the results of Group Treasury and the results of the New Markets business unit (which consists of the Group's continuing operations in Ukraine). See Note 2 to the 2011 Financial Statements for further details.

### **Certain defined terms**

References in this Information Memorandum to:

- **continuing operations** in relation to the Group (i) at any particular date or for any particular period in 2010, mean all operations of the Group excluding those attributable to Retail Germany and Retail Ukraine, (ii) at any particular date or for any particular period in 2011, mean all operations of the Group excluding those attributable to Retail Ukraine and at any particular date or for any particular period in 2011 prior to 31st January, 2011 (the date of completion of the Retail Germany sale) those attributable to Retail Germany and (iii) at any particular date or for any particular period in the first quarter of 2012, mean all operations of the Group excluding those attributable to Retail Ukraine;
- **credit losses** in the Financial Statements and any table presenting financial statement data in this Information Memorandum should be construed as a reference to net provisions and credit losses;
- **credit loss level** in relation to any particular period refer to the Group's net provisions and credit losses for the relevant period divided by the sum of its lending to the general public and credit institutions and loan guarantees at the start of the relevant period;

- **credit portfolio** means all loans and leasing agreements (gross before reserves, but excluding repurchase agreements (**repos**) and bonds), contingent liabilities and commitments (such as credit commitments, letters of credit and guarantees) and counterparty risks arising in derivatives and foreign exchange contracts (after netting but before collateral arrangements and including additions for potential future exposure as a result of general market movements taking place), but exclude the Group's fixed-income securities portfolio;
- **multi-family housing** and related expressions refer to residential apartment buildings;
- **net provisions and credit losses** in relation to any particular period refer to the sum of the Group's write-offs and its provisions after reflecting provisions written back for the relevant period;
- **total operations** in relation to the Group (i) at any particular date or for any particular period in 2010, mean all operations of the Group including those attributable to Retail Germany and Retail Ukraine, (ii) at any particular date or for any particular period in 2011, mean all operations of the Group including those attributable to Retail Ukraine and at any particular date or for any particular period in 2011 prior to 31st January, 2011 (the date of completion of the Retail Germany sale), those attributable to Retail Germany and (iii) at any particular date or for any particular period in the first quarter of 2012, mean all operations of the Group excluding those attributable to Retail Ukraine; and
- **unaudited** in relation to any financial data means that the financial data has been derived from unaudited financial statements.



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**IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES UNDER THE PROGRAMME, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES.**

**ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Information Memorandum. Any decision to invest in any Notes should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an **EEA State**) no civil liability will attach to the Bank in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Information Memorandum. Where a claim relating to information contained in this Information Memorandum is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Information Memorandum before the legal proceedings are initiated.*

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this summary.

### **Issuer:**

SEB is a leading Nordic financial services group with a strong commercial and investment banking focus, providing a wide range of financial services to corporate customers, financial institutions and private individuals. Its core markets are the Nordic countries of Sweden, Denmark, Finland and Norway and the Baltic countries of Estonia, Latvia and Lithuania. Its core strengths are its wholesale banking, investment banking, wealth management and private banking and life and pension businesses. It also has significant operations in Germany. As of 31st March, 2012, SEB had total assets of SEK 2,331 billion and total equity of SEK 108 billion. For the year ended 31st December, 2011, SEB's net profit was SEK 11.1 billion. For the three months ended 31st March, 2012, SEB's net profit was SEK 2.7 billion.

The Group's business is organised into five divisions:

- Merchant Banking – providing wholesale banking and investment banking services to large companies and financial institutions in SEB's core markets;
- Retail Banking – providing retail banking services to private individuals and small and medium-sized enterprises (**SMEs**) in Sweden, and cards in the Nordic countries;
- Wealth Management – providing asset management and private banking services to institutions, foundations and private individuals in SEB's core markets, and managing SEB's mutual funds;
- Life – providing unit-linked and traditional life insurance mainly in Sweden, Denmark and the Baltic countries; and
- Baltic – providing retail, corporate and institutional banking services, such as trading and capital markets and transaction services, to Estonian, Latvian and Lithuanian clients. The financial consequences of other corporate business, such as corporate finance and structured finance, as well as wealth management and life services, provided in these countries are recorded in the Merchant Banking, Wealth and Life divisions, respectively.

At 31st March, 2012, SEB's customer base consisted of approximately 2,700 large corporate and institutional customers, approximately 400,000 SMEs and approximately four million private individuals. At that same date, SEB had approximately 298 retail branch offices in Sweden and the Baltic countries. Outside its core markets, SEB has a strategic presence, through its international network in 20 countries worldwide, to support and service mainly its large corporate and institutional customers. At 31st March, 2012, SEB had 16,706 full-time equivalent employees (**FTEs**) in its continuing operations, of which about half were located outside Sweden.

SEB has leading market positions in its core business areas. Its Merchant Banking division is a leading corporate and investment bank in the Nordic region, with substantial market shares in foreign exchange trading and cash management. SEB was awarded the "overall best bank for large companies and institutions in the Nordics 2011" according to a compilation of all 2011 TNS Sifo Prospera surveys, published in April 2012. It is also the largest broker on NASDAQ OMX Stockholm and on the other Nordic stock exchanges (excluding Stockholm) in the aggregate based on market share measured by volume on the Stockholm, Oslo, Helsinki and Copenhagen stock exchanges. SEB's Retail Banking division is a leading provider of corporate charge cards and co-branded cards in the Nordic countries. In Sweden, SEB is the fourth largest retail bank as measured by customer loans and one of the two largest banks as measured by long-term savings. SEB is the second largest asset manager in the Nordic region with assets under management of SEK 1,118 billion at 31st March, 2012 (compared to total assets under management in the Group of SEK 1,317 billion at 31st March, 2012) (based on a comparison of total SEB assets under management and assets under management reported by other banks in the Nordic region). SEB also has a strong position in the mass affluent and private banking segments of the Swedish market. For example, SEB was the second largest entity in the total Swedish household savings market (excluding directly owned shares) with a market share of approximately 12 per cent. at 31st December, 2011 according to the quarterly publication *Sparbarometern*. In the Baltic countries, taken together, SEB is the second largest bank by lending market share (according to the most recently available central bank and bank association statistics in those countries). SEB is also a leading provider of unit-linked insurance in the Nordic region, where it was ranked first in Sweden by premium income (cash paid in under insurance policies) on existing unit-linked policies and new policies written and measured during the period from January 2011 to December 2011, with a market share of approximately 20 per cent. during the period. Also, SEB held approximately 12 per cent. of total household savings in unit-linked insurance and traditional life insurance plans in Sweden as at 31st December, 2011, in each case based on data from the Swedish Insurance Federation and *Sparbarometern*.

The Bank's share capital is divided into A and C shares. Each A share entitles the holder to one vote and each C share entitles the holder to 1/10 vote. Each holder of A Shares and C Shares is entitled to an equal share of any dividend approved at the Bank's annual general meeting. The Bank had a market capitalisation of approximately SEK 87.938 billion as at 31st December, 2011.

The following tables summarise the Group's income statements and balance sheets and provide certain key ratios as at 31st December in each of 2011 and 2010. This financial information was extracted without material adjustment from the 2011 Financial Statements and, in the case of balance sheet data as at 31st December 2010, the Original 2010 Financial Statements.

#### Income statements

| <b>SEKm</b>  | <b>For the year<br/>ended<br/>31st December,<br/>2011</b> | <b>For the year<br/>ended<br/>31st December,<br/>2010</b> |
|--|---|---|
| Net interest income  | 16,901  | 15,930  |
| Net fee and commission income  | 14,175  | 14,120  |
| Net financial income   | 3,548   | 3,148   |
| Net life insurance income  | 3,197   | 3,255   |
| Net other income   | (135)   | 282   |
| <b>Total operating income</b>  | <b>37,686</b>   | <b>36,735</b>   |
| Staff costs  | (13,933)  | (13,920)  |
| Other expenses   | (7,424)   | (7,213)   |
| Depreciation, amortisation and impairment of<br>tangible and intangible assets | (1,764)   | (1,854)   |
| Restructuring costs  | 0   | (764)   |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>Total operating expenses</b>                       | <b>(23,121)</b> | <b>(23,751)</b> |
| <b>Profit before credit losses</b>                    | <b>14,565</b>   | <b>12,984</b>   |
| Gains less losses from tangible and intangible assets | 2               | 14              |
| Net credit losses                                     | 778             | (1,609)         |
| <b>Operating profit</b>                               | <b>15,345</b>   | <b>11,389</b>   |
| Income tax expense                                    | (3,046)         | (2,569)         |
| <b>Net profit from continuing operations</b>          | <b>12,299</b>   | <b>8,820</b>    |
| Discontinued operations <sup>1)</sup>                 | (1,155)         | (2,022)         |
| <b>Net profit</b>                                     | <b>11,144</b>   | <b>6,798</b>    |
| <b>Other comprehensive income (net of tax)</b>        | <b>1,581</b>    | <b>(4,051)</b>  |
| <b>Total comprehensive income</b>                     | <b>12,725</b>   | <b>2,747</b>    |

1) Includes both Retail Ukraine and Retail Germany, although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011.

### Balance sheets

|   | <b>As at<br/>31st December,<br/>2011</b> | <b>As at<br/>31st December,<br/>2010</b> |
|---|--|--|
| <b>SEKm</b>                                       |  |  |
| Cash and cash balances with central banks         | 148,042                                  | 46,488                                   |
| Other loans to central banks                      | 80,548                                   | 20,664                                   |
| Loans to credit institutions <sup>1)</sup>        | 128,763                                  | 183,524                                  |
| Loans to the public                               | 1,186,223                                | 1,074,879                                |
| Financial assets at fair value <sup>2)</sup>      | 670,633                                  | 617,746                                  |
| Available-for-sale financial assets <sup>2)</sup> | 57,377                                   | 66,970                                   |
| Held-to-maturity investments <sup>2)</sup>        | 282                                      | 1,451                                    |
| Other assets                                      | 90,785                                   | 168,099                                  |
| <b>Total assets</b>                               | <b>2,362,653</b>                         | <b>2,179,821</b>                         |
| Deposits from credit institutions                 | 201,274                                  | 212,624                                  |
| Deposits and borrowing from the public            | 861,682                                  | 711,541                                  |
| Liabilities to policyholders                      | 269,683                                  | 263,970                                  |
| Debt securities                                   | 589,873                                  | 530,483                                  |
| Financial liabilities at fair value               | 232,247                                  | 200,690                                  |
| Liabilities held for sale                         | 1,962                                    | 48,339                                   |
| Other liabilities                                 | 69,883                                   | 85,331                                   |
| Provisions  | 1,779                                    | 1,748                                    |
| Subordinated liabilities                          | 25,109                                   | 25,552                                   |
| Total equity                                      | 109,161                                  | 99,543                                   |
| <b>Total liabilities and equity</b>               | <b>2,362,653</b>                         | <b>2,179,821</b>                         |

1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.

2) Within these line items, bonds and other interest bearing securities including derivatives in aggregate in each year totalled

|  |         |         |
|--|---------|---------|
|  | 456,915 | 416,849 |
|--|---------|---------|

The table below shows certain key figures for SEB on a consolidated basis. The key figures relate to all operations, including those being sold as part of the Retail Ukraine and Retail Germany sales, except that, for the purposes of this table only, Return on equity, Basic earnings per share and Cost/income ratio are each calculated on the basis of income statement figures which exclude Retail Germany and Retail Ukraine in both years.

| <b>Key ratios</b>                               | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
| Return on equity <sup>1)</sup> , %              | 11.89       | 8.89        |
| Return on risk weighted assets <sup>2)</sup>    | 1.39        | 0.83        |
| Basic earnings per share <sup>3)</sup> , SEK    | 5.59        | 4.00        |
| Cost/income ratio <sup>4)</sup>                 | 0.61        | 0.65        |
| Credit loss level <sup>5)</sup> , %             | -(0.08)     | 0.15        |
| Gross level of impaired loans <sup>6)</sup> , % | 0.84        | 1.28        |

| <b>Key ratios</b>  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
| Net level of impaired loans <sup>7)</sup> %                                  | 0.39        | 0.63        |
| Total capital ratio (Basel II transitional rules) <sup>8), 9)</sup> %        | 12.5        | 12.4        |
| Core Tier 1 capital ratio (Basel II transitional rules) <sup>9), 10)</sup> % | 11.2        | 10.9        |

- 1) Net profit attributable to equity holders for the period as a percentage of average shareholders' equity.
- 2) Net profit attributable to equity holders for the period as a percentage of average risk weighted assets.
- 3) Net profit attributable to equity holders for the period divided by the average number of shares outstanding.
- 4) Total operating expenses divided by total operating income.
- 5) Net provisions and credit losses divided by lending to the general public and credit institutions and loan guarantees at the opening of the period. Net provisions and credit losses at 31st December, 2011 are net releases.
- 6) Gross level of impaired loans as a percentage of the sum of loans to the general public and credit institutions.
- 7) Net level of impaired loans (total impaired loans less specific reserves applied to them) as a percentage of the sum of loans to the general public and credit institutions less specific reserves.
- 8) The total capital of the financial group of undertakings, which includes both Group companies (other than insurance companies within the Group) and non-consolidated associated companies, adjusted according to the capital adequacy rules as a percentage of risk-weighted assets.
- 9) Numbers for 2011 reflect amendments to the Basel II rules implemented in 2011 which are commonly referred to as Basel II.5.
- 10) The core Tier 1 capital of the financial group of undertakings as a percentage of risk-weighted assets.

The following tables summarise the Group's unaudited income statements and balance sheets and provide certain unaudited key ratios as at and for the three months ended 31st March, 2012 and 31st March, 2011. This financial information was extracted without material adjustment from the Interim Financial Statements.

#### **Income statements**

| <b>SEKm</b>   | <b>For the three months ended 31st March, 2012</b> | <b>For the three months ended 31st March, 2011<sup>1)</sup></b> |
|---|--|---|
| Net interest income   | 4,181  | 4,246   |
| Net fee and commission income   | 3,264  | 3,495   |
| Net financial income  | 1,379  | 1,231   |
| Net life insurance income   | 915  | 782   |
| Net other income  | (150)  | (110)   |
| <b>Total operating income</b>   | <b>9,589</b>                                       | <b>9,644</b>  |
| Staff costs   | (3,559)  | (3,592)   |
| Other expenses  | (1,653)  | (1,785)   |
| Depreciation, amortisation and impairment of tangible and intangible assets | (464)  | (429)   |
| <b>Total operating expenses</b>   | <b>(5,676)</b>                                     | <b>(5,806)</b>  |
| <b>Profit before credit losses</b>  | <b>3,913</b>                                       | <b>3,838</b>  |
| Gains less losses on disposals of tangible and intangible assets            | 2  | 6   |
| Net credit losses   | (206)  | 427   |
| <b>Operating profit</b>   | <b>3,709</b>                                       | <b>4,271</b>  |
| Income tax expense  | (808)  | (865)   |
| <b>Net profit from continuing operation</b>                                 | <b>2,901</b>                                       | <b>3,406</b>  |
| Discontinued operations <sup>1)</sup>                                       | (246)  | (790)   |
| <b>Net profit</b>   | <b>2,655</b>                                       | <b>2,616</b>  |
| <b>Other comprehensive income (net of tax)</b>                              | <b>(308)</b>                                       | <b>(1,012)</b>  |
| <b>Total comprehensive income</b>   | <b>2,347</b>                                       | <b>1,604</b>  |

- 1) Includes both Retail Ukraine and Retail Germany, although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011.

| <b>Balance sheet<br/>SEKm</b>   | <b>As at 31st<br/>March, 2012</b> |
|---|-----------------------------------|
| Cash and cash balances with central banks                               | 39,064                            |
| Other loans to central banks  | 126,816                           |
| Loans to credit institutions <sup>1)</sup>                              | 142,483                           |
| Loans to the public   | 1,201,106                         |
| Financial assets at fair value <sup>2)</sup>                            | 679,150                           |
| Available-for-sale financial assets <sup>2)</sup>                       | 59,345                            |
| Held-to-maturity investments <sup>2)</sup>                              | 281                               |
| Other assets  | 83,079                            |
| <b>Total assets</b>   | <b>2,331,324</b>                  |
| Deposits from credit institutions                                       | 227,665                           |
| Deposits and borrowing from the public                                  | 782,861                           |
| Liabilities to policyholders  | 279,874                           |
| Debt securities   | 625,598                           |
| Financial liabilities at fair value                                     | 207,139                           |
| Liabilities held for sale   | 1,803                             |
| Other liabilities   | 71,858                            |
| Provisions  | 2,263                             |
| Subordinated liabilities  | 24,669                            |
| Total equity  | 107,594                           |
| <b>Total liabilities, untaxed reserves and<br/>shareholders' equity</b> | <b>2,331,324</b>                  |

- 1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.  
2) Within these line items, bonds and other interest bearing securities including derivatives in aggregate in each year totalled 439,703

The table below shows certain key figures for SEB on a consolidated basis. The key figures relate to all operations, including those being sold as part of the Retail Ukraine and Retail Germany sales, except that, for the purposes of this table only, Return on equity, Basic earnings per share and Cost/income ratio are each calculated on the basis of income statement figures which exclude Retail Germany and Retail Ukraine.

| <b>Key ratios</b>   |       |
|---|-------|
| Return on equity, continuing operations <sup>1)</sup> %                         | 10.61 |
| Return on risk weighted assets <sup>2)</sup>                                    | 1.27  |
| Basic earnings per share <sup>3)</sup> SEK                                      | 1.32  |
| Cost/income ratio <sup>4)</sup>   | 0.59  |
| Credit loss level <sup>5)</sup> %   | 0.06  |
| Gross level of impaired loans <sup>6)</sup> %                                   | 0.79  |
| Net level of impaired loans <sup>7)</sup> %                                     | 0.36  |
| Total capital ratio (Basel II transitional rules)<br><sup>8), 9)</sup> %        | 12.4  |
| Core Tier 1 capital ratio (Basel II transitional<br>rules) <sup>9), 10)</sup> % | 11.2  |

- 1) Net profit attributable to equity holders for the period as a percentage of average shareholders' equity.  
2) Net profit attributable to equity holders for the period as a percentage of average risk weighted assets.  
3) Net profit attributable to equity holders for the period divided by the average number of shares outstanding.  
4) Total operating expenses divided by total operating income.  
5) Net provisions and credit losses divided by lending to the general public and credit institutions and loan guarantees at the opening of the period. Net provisions and credit losses at 31st December, 2011 are net releases.  
6) Gross level of impaired loans as a percentage of the sum of loans to the general public and credit institutions.  
7) Net level of impaired loans (total impaired loans less specific reserves applied to them) as a percentage of the sum of loans to the general public and credit institutions less specific reserves.

- 8) The total capital of the financial group of undertakings, which includes both Group companies (other than insurance companies within the Group) and non-consolidated associated companies, adjusted according to the capital adequacy rules as a percentage of risk-weighted assets.
- 9) Numbers for 2011 reflect amendments to the Basel II rules implemented in 2011 which are commonly referred to as Basel II.5.
- 10) The core Tier 1 capital of the financial group of undertakings as a percentage of risk-weighted assets.

**Notes issued under the Programme:**

Subject to compliance with all applicable legal and/or regulatory restrictions, the Issuer may issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer, with any agreed maturity and at an issue price which is at par or at a discount to, or premium over, par.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

The Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

Notes may be distributed by way of private or public placement, subject to the restrictions set out under “*Subscription and Sale*”, and in each case on a syndicated or non-syndicated basis.

Notes may: (i) bear interest at a fixed rate (Fixed Rate Notes) or floating rate (Floating Rate Notes); (ii) not bear interest (Zero Coupon Notes); (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices, shares or GDRs/ADRs, currency exchange rates, commodities, fund shares or units, the credit of one or more underlying entities, bonds or other securities contracts such as derivatives or other assets; or reference any combination of the foregoing (each such underlying asset or basis of reference, a **Reference Item** and any Reference Item linked Notes which are specified as such in the applicable Final Terms, **Reference Item Linked Notes**); (iv) pay any interest and/or redemption amount in a currency other than the currency in which it is denominated (Dual Currency Note) (v) have such other terms and conditions as specified in the applicable Final Terms.

Notes may be issued for any maturity greater than one month or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Notes may be issued which cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or which are redeemable at the option of the Issuer and/or the holders of the Notes upon giving notice to the holders of the Notes or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

**Risk Factors:**

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme. These are described in detail under “*Risk Factors*” and include (but are not limited to): (i) the risk that SEB’s results can be adversely affected by general economic and other business conditions, (ii) the risk of increased credit provisioning adversely affecting SEB, (iii) the risk of declining property values adversely affecting the collateral it takes in relation to real estate lending, (iv) the risk of market volatility adversely affecting its business, (v) the risk that regulatory change or enforcement initiatives could adversely affect SEB’s business and (vi) a range of standard banking and life insurance risks including changes in interest and foreign exchange rates and operational, credit, market and liquidity risk, any of which, if not properly managed, could adversely affect SEB’s business and results of operations.

In addition there are certain factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Furthermore, where the applicable Final Terms specify one or more Reference

Item(s), the relevant Notes will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Notes will depend upon the performance of the relevant Reference Item(s). The Notes will not, however, at any time provide an investor with a right to claim against, or for delivery of, the relevant Reference Item(s). Investors should note further that Reference Item Linked Notes may be subject to specific disruption, adjustment and termination provisions which, on the occurrence of certain events, permit the Calculation Agent and/or the Issuer discretion to, amongst other things, adjust the terms of the affected Notes (including substituting one or more of the Reference Items for another Reference Item(s)), delay valuation of one or more Reference Items or the timing for payments of any amounts under the Notes and in certain circumstances to determine that the Notes should be early redeemed. The amount payable on such an early redemption may be significant less than the par amount of the relevant Notes and may be zero. Such provisions are discussed in more detail in the "*Risk Factors*" section below and are set out in full in the Terms and Conditions of the Reference Item Linked Notes.

Prospective investors in Reference Item Linked Notes should ensure that they understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY AMOUNTS PAYABLE UNDER THE NOTES (INCLUDING ANY PERIODIC INTEREST PAYMENTS) ARE DETERMINED AND WHEN ANY SUCH AMOUNTS MAY BE PAYABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

**Dealers:** Skandinaviska Enskilda Banken AB (publ) and any other dealers appointed from time to time by the Bank.

**Fiscal Agent:** Citibank, N.A., London Branch.

**Programme Amount:** The Programme has an unlimited Programme Amount.



## RISK FACTORS

*The Bank believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring.*

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

*The Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Bank to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Bank based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.*

**THE AMOUNT PAID BY THE BANK ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.**

**CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.**

**Factors that may affect the Bank's ability to fulfil its obligations under Notes issued under the Programme**

***SEB's business, earnings and results of operations are materially affected by conditions in the global financial markets and by global economic conditions***

The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant, and positive investor sentiment. Each of SEB's operating divisions is affected by general economic and geopolitical conditions, which can cause SEB's financial condition and results of operations to fluctuate from year to year as well as on a long-term basis.

In recent years, there has been significant volatility in the financial markets around the world. The financial turbulence in 2008 and its after-effects on the wider economy have led to generally more difficult earnings conditions for the financial sector and, at the time, resulted in the failures of a number of financial institutions in the United States and Europe and unprecedented action by governmental authorities, regulators and central banks around the world. While there has been some recovery in many of SEB's geographic markets since 2010, there were significant differences in the strength of the recovery in the various national economies. A number of countries in Europe, such as Greece, Italy, Ireland, Portugal and Spain, have been particularly affected by the recent financial and economic conditions and are struggling with large budget deficits. The public budget deficits, weak economies and the disruption in the capital markets necessitated rescue packages for Greece and Ireland in 2010, Portugal in May 2011 and Greece in February 2012. The perceived risk of default on the sovereign debt of those countries intensified in the latter part of 2011 and into 2012, particularly in relation to Greece. This raised concerns about the contagion effect such a default would have on other EU economies as well as the ongoing viability of the euro currency and the European Monetary Union (EMU). The rescue package agreed for Greece in February 2012 remains subject to a number of uncertainties, including whether such package will be successful. In addition, other European Union countries also face potential fiscal tightening and growth rates may remain weak in the near future. Reflecting these and other concerns, in January 2012 one of the major international credit rating agencies lowered its long-term ratings in respect of nine European sovereigns, further increasing market uncertainty. Furthermore, the effectiveness of the actions aimed at stabilising European economies and reducing debt burdens is not assured and the possibility remains that the euro could be abandoned as a currency by countries that have already adopted its use or, in an extreme scenario, abandonment of the euro could result in the dissolution of the EMU. This would lead to the re-introduction of individual currencies in one or more EMU member states.

The effects on the European and global economies of the potential dissolution of the EMU, exit of one or more EU member states from the EMU and the redenomination of financial instruments from the euro to a different currency, are impossible to predict fully. However, if any such events were to occur they would likely:

- result in significant market dislocation;

- heighten counterparty risk; and

affect adversely the management of market risk and, in particular, asset and liability management due, in part, to redenomination of financial assets and liabilities.

Many of SEB's markets experienced declining economic growth, rising unemployment and decreasing asset values during the global financial crisis. These adverse economic and market conditions affected SEB in a number of ways during these years, including, among others, a decrease in the demand for certain loans and other products and services offered by SEB, increased cost of funding, volatile fair values for many of SEB's financial instruments, higher goodwill impairment charges and increasing loan impairment charges, all of which resulted in lower profitability.

The macro-economic environment is the major driver of risk to SEB's earnings and financial stability, in particular, due to the effects on SEB's asset quality and its credit risk, and the medium-term outlook for the global economy, which will be important to SEB's results of operations and financial condition, is mixed. Although the Nordic economies have proven to be robust, austerity measures in many countries have accentuated sovereign risk and created subdued economic growth, which could impact SEB's main markets. As a result, no assurance can be given that there will not be further negative effects on economic recovery or that sovereign risk will not adversely impact asset valuations. A return to weaker macro-economic conditions may lead to a decline in net interest margins, credit quality and loan portfolio growth, as well as further corrections in prices of real estate and other property held as collateral for loans, which may lead to renewed large loan impairment charges. With a significant part of its operating profit arising from its Merchant Banking division in 2009, 2010 and 2011, SEB's results of operations are particularly exposed to the risk of a downturn in the capital markets in general, and in SEB's wholesale and investment banking business in particular. SEB's performance may also be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may no longer be accurate.

Similarly, in geographic terms, the Group's operations in Sweden accounted for a significant portion of its operating profit with 58 per cent. of its operating profits in 2011 attributable to Sweden. The other Nordic countries of Denmark, Finland and Norway accounted for a further 20 per cent. of operating profits in 2011. One particular risk in relation to the Swedish economy is the relatively large growth rate for home mortgage loans coupled with increasing home prices which suggest that at some stage in the future the Swedish housing market may experience the price adjustment that has occurred in most other comparable countries. There is also a risk that economic recovery in Sweden and the other Nordic countries will not be sustained. A sharp decline in real estate prices or a return to weak or negative economic growth in Sweden, the other Nordic countries or the other markets in which SEB operates, including the Baltic countries, could have a material adverse effect on SEB's results of operations, business, financial condition, liquidity and/or prospects.

The precise nature of all the risks and uncertainties SEB faces as a result of the global financial crisis, the European sovereign debt crisis and the global economic outlook cannot be identified and many of these risks are outside SEB's control. No assurance can be given as to future economic conditions in any market or as to the sustainability of the improvement in any market. If economic conditions deteriorate or stagnate in any of SEB's main markets, its business, financial condition, results of operations, liquidity and prospects are likely to be negatively affected.

#### ***SEB remains exposed to the risk of increased credit provisioning***

SEB is exposed to the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. SEB continuously reviews and analyses its loan portfolio and credit risks and, in view of deteriorating conditions from late 2007, this work intensified in 2008 and 2009. In 2009, SEB recorded material net provisions and credit losses. Although SEB's net provisions and credit losses reduced significantly in 2010 compared to 2009 and net releases were made in 2011, the uncertainty as to the magnitude of any potential economic recovery makes it difficult to estimate the size of SEB's future provisioning requirements and loan losses. In the first quarter of 2012, SEB recorded net provisions and credit losses of SEK 208 million for the total operations.

Any significant increase in the size of SEB's allowance for loan losses could have a material adverse effect on its financial position and results of operations. SEB's allowance for losses on loans is based on, among other things, its analysis of current and historical delinquency rates and loan management, its customers' likely repayment capacity and the valuation of the underlying assets, as well as numerous other management assumptions. These internal analyses and assumptions may give rise to inaccurate predictions of credit performance. Due to worsening economic conditions in 2008 and 2009, SEB experienced a material increase of impaired loans and provisions for potential credit losses in its loan books. This was particularly apparent in

SEB's business in the Baltic countries in 2009. In addition to the high levels of net provisions and credit losses in the Baltic countries which constituted 48 per cent. of SEB's total net provisions and credit losses in the year ended 31st December, 2010 (as discussed below), such additional net provisions and credit losses were primarily attributable to the Merchant Banking and Retail Sweden operations. During the second half of 2010 and the whole of 2011, the asset quality improved significantly in the Baltic countries and remained strong in other business areas. As a result, SEB released provisions on a net basis for five quarters in a row from the third quarter of 2010 until the third quarter of 2011. In the first quarter of 2012, SEB's net provisions and credit losses amounted to SEK 208 million for the total operations.

SEB maintains provisions for loan losses aimed at covering estimated probable incurred credit losses inherent in its loan portfolio. SEB's net provisions and credit losses for the total operations for the three months ended 31st March, 2012 amounted to SEK 208 million or a credit loss level of 0.06 per cent. for the total operations compared to a net release of provisions of SEK 537 million, or a credit loss level of -0.17 per cent. for the total operations, for the three months ended 31st March, 2011. SEB's net provisions and credit losses for the total operations for the year ended 31st December, 2011 amounted to SEK 974 million in net releases or a credit loss level of -0.08 per cent. compared to provisions of SEK 2,198 million or a credit loss level of 0.15 per cent. for the year ended 31st December, 2010 and SEK 12,448 million or a credit loss level of 0.92 per cent. for the year ended 31st December, 2009. SEB's build-up of net provisions in relation to its credit exposure in the Baltic countries was SEK 759 million as of 31st December, 2010 compared to SEK 8,952 million as of 31st December, 2009. For the year ended 31st December, 2011, net releases of credit provisions in the Baltic countries were SEK 1,485 million.

SEB's non-performing loan volumes started to fall during 2010 in all three Baltic countries and continued to fall during 2011 and in the first three months of 2012. Non-performing loans in the Baltic countries amounted to SEK 18.7 billion at 31st December, 2009, SEK 15.9 billion at 31st December, 2010, SEK 12.2 billion at 31st December, 2011 and SEK 11.7 billion at 31st March, 2012. At 31st March, 2012, SEB's lending to the public in Estonia, Latvia and Lithuania amounted to SEK 106 billion (8.8 per cent. of SEB's total loan portfolio). Corporate loans accounted for 35 per cent. of SEB's total Baltic lending at 31st March, 2012, property management loans for 18 per cent. and household loans for 53 per cent. The Baltic loan portfolio included a total of SEK 6.9 billion in impaired loans at 31st March, 2012, and provisions in respect of the Baltic impaired loan portfolio amounted to SEK 4.5 billion at the same date, corresponding to a total reserve ratio for individually assessed impaired loans of 64 per cent.

A material increase in loan losses would have a material adverse effect on SEB's financial condition and results of operations. In addition, a devaluation or depreciation of the currency in any of the Baltic countries would likely lead to further loan losses. See "*—SEB is exposed to foreign exchange risk, and a devaluation or depreciation of any of the currencies in which it operates could have a material adverse effect on its assets, including its loan portfolio, and its results of operations*".

#### ***SEB is exposed to declining property values on the collateral supporting residential and commercial real estate lending***

SEB's total credit portfolio at 31st March, 2012 was SEK 1,730 billion, of which household mortgage lending amounted to 23 per cent., or SEK 405 billion (of which SEK 359 billion, or 21 per cent. of the total credit portfolio, was mortgage lending in Sweden), and property management lending amounted to 16 per cent., or SEK 277 billion (of which SEK 148 billion, or 9 per cent. of the total credit portfolio, was commercial real estate lending and SEK 129 billion, or 7 per cent. of the total credit portfolio, was multi-family housing lending), most of which was in SEB's Swedish and German markets with a relatively smaller portion in the Baltic countries.

Residential property prices and commercial property prices in SEB's core markets, and particularly in the Baltic countries, declined during 2008 and 2009, reflecting economic downturns and uncertainty, reduced affordability and lower availability of credit. These factors also led to a significant slowdown in the construction sector in these countries. Improving economic conditions in the Baltic countries in 2010 resulted in price stabilisation and the return of limited liquidity which ended a contraction in the residential mortgage and commercial lending market, although there can be no assurance that this stabilisation of liquidity will continue.

SEB applies a cash-flow based credit policy that considers the repayment capacity of the customer when extending credit. This policy also applies to all lending backed by residential or commercial real estate. Any future economic downturn in the Nordic and Baltic regions as well as in Germany, with falls in house prices and increases in unemployment, could adversely affect SEB's commercial property lending portfolio and household mortgage portfolio and generate increases in impairment losses, which could materially affect SEB's financial condition and results of operations. In addition, the effects of declining property values on the wider economy

are likely to also contribute to higher default rates and impairment losses on non-property commercial and consumer loans.

In addition, declining residential property values in Sweden may also have a material adverse effect on SEB's ability to issue covered bonds.

***Market fluctuations and volatility may adversely affect the value of SEB's positions, reduce its business activities and make it more difficult to assess the fair value of certain of its assets***

During most of 2008 and the first half of 2009 financial markets were subject to significant stress conditions, where steep falls in perceived or actual asset values were accompanied by a severe reduction in market liquidity. These events affected the prices of bonds, equities and other securities that SEB holds including, in particular, most asset-backed securities, and resulted in a reallocation of assets from equity to fixed-income products, low growth in mutual and other funds managed by SEB and lower performance fees. In dislocated markets, hedging and other risk management strategies have proven not to be as effective as they are in normal market conditions due in part to the decreasing credit quality of hedge counterparties, including credit derivative product companies. Severe market events negatively affected the value of SEB's fixed-income securities portfolio in 2008, affecting SEB's results of operations during that year. Valuation losses on the Merchant Banking division's bond investment portfolio amounted to SEK 3,976 million in 2008. In 2009, reflecting recovering markets, SEB recorded valuation gains of SEK 928 million on its bond investment portfolio. However, due to the market's perception of increased sovereign risk and ensuing market volatility, SEB experienced a valuation loss of SEK 216 million on its bond investment portfolio in 2010 and a valuation loss of SEK 381 million on its bond investment portfolio in 2011. The valuation losses in 2011 were largely attributable to the European sovereign debt crisis and, in particular, comprised unrealised losses on the Group's Greek sovereign bonds. Refinancing programmes initiated by the European Central Bank in December 2011 and early 2012 improved market conditions and were a significant factor in the valuation gain of SEK 468 million on SEB's bond investment portfolio in the first quarter 2012. In February, 2012, the Group sold its remaining holding of Greek sovereign bonds. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of the Group's exposure, even in respect of exposures, such as credit market exposures, for which the Group has previously recorded valuation losses. In addition, the value ultimately realised by SEB may be materially different from the current or estimated fair value. Any of these factors could require SEB to recognise further valuation losses or realise impairment charges, any of which may adversely affect its business, financial condition, results of operations, liquidity and prospects.

In addition, SEB's estimates of fair value may differ materially both from similar estimates made by other financial institutions and from the values that would have been used if a market for these assets had been readily available. An increase in volatility increases SEB's measured risk, and any change in the fair values of the financial instruments could have a material adverse effect on SEB's financial position and results of operations. Any of those developments may cause SEB to reduce its asset holdings or to reduce its business activities.

***SEB is subject to the risk that liquidity may not always be readily available***

Liquidity risk is the risk that a bank will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. The capital and credit markets experienced extreme volatility since the financial crisis began. In the second half of 2008, the volatility reached unprecedented levels, which carried over into the first half of 2009, and had a material adverse effect on access to funding in both the public and private markets and, in certain cases, resulted in significant liquidity problems for financial institutions which gave rise to a requirement for unprecedented financial assistance from governments and central banks. While financial markets began to recover during 2009 and 2010, since the spring of 2011, the financial markets have been volatile largely due to the European sovereign debt crisis and the possibility of a Greek default and the contagion effect it would have on other EU economies. As a result, the cost to SEB of accessing traditional sources of liquidity continues to be higher than in the periods before the financial crisis. Although spreads fell in the first six months of 2011, volatility caused by increased sovereign risk accelerated in June 2011 and spreads increased, in particular during the second half of 2011. In the first quarter of 2012, spreads tightened substantially from the middle of January up to second half of March reflecting additional liquidity provided to the market by the European Central Bank through three year repo facilities executed in December 2011 and in early 2012. During periods when liquidity has been constrained, a number of banks were reliant on central banks as their principal source of liquidity.

SEB's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its operations, controlling the diversity of its funding, monitoring and managing the maturity dates of its debts and

carefully monitoring its undrawn commitments and contingent liabilities toward customers. However, even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution. If SEB's short-term funding sources become volatile or are unavailable, SEB would be required to utilise other, more expensive, sources to meet its funding needs, such as collateralised borrowing or asset sales. SEB's ability to sell assets at a commercially desirable price or at all may be impaired if other market participants are seeking to sell similar assets at the same time or are not in a position to finance themselves, or when the market value of assets, including financial instruments underlying derivative transactions to which SEB is a party, is difficult to ascertain, as occurred at certain times during and since the global financial crisis. In addition, financial institutions with which SEB interacts may exercise set-off rights or rights to require additional collateral. Any of these or other events could impair SEB's access to liquidity.

As of 31st March, 2012, the amount of outstanding long-term bonds scheduled to mature within one year and require refinancing was SEK 63 billion, excluding public covered bonds issued by SEB AG. Within two and three years, from 31st March 2012, additional amounts scheduled to mature are SEK 80 billion and SEK 82 billion respectively. Future disruptions, uncertainty or volatility in the capital and credit markets could limit SEB's ability to refinance maturing liabilities with long-term funding. The availability to SEB of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, particularly in light of the significant refinancing needs of European financial institutions over the next few years, the volume of trading activities, SEB's financial condition, its credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of SEB's financial prospects if, for example, SEB incurs large losses, experiences significant deposit outflows or if the level of SEB's business activity decreases due to a market downturn. In particular, SEB's access to funds may be impaired if regulatory authorities or rating agencies impose additional regulatory capital requirements or downgrade SEB's debt ratings. SEB's internal sources of liquidity may prove to be insufficient and, in such case, SEB may not be able to successfully obtain additional financing on favourable terms or at all. Any of these developments may limit SEB's ability to raise additional capital to support business growth or to counterbalance the consequence of losses or increased regulatory capital requirements, and could have a material adverse effect on SEB's business, financial condition, results of operations, liquidity and prospects.

In addition, like many banks, SEB relies on customer deposits to meet a substantial portion of its funding requirements. Such deposits are subject to fluctuation due to certain factors outside SEB's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. Any material decrease in SEB's deposits could have a negative impact on SEB's liquidity unless corresponding actions are taken to improve the liquidity profile of other deposits or to reduce less liquid assets.

***SEB's borrowing costs and its access to the debt capital markets depend significantly on its credit ratings***

SEB's credit ratings are important to its business. In February 2009, S&P downgraded SEB's long-term credit rating from A+ (with negative outlook) to A (with stable outlook) and then adjusted the outlook to negative in March 2009. In April 2009, Moody's lowered SEB's rating from Aa2 to A1 (with negative outlook). In December 2009, Moody's confirmed its A1 rating (with negative outlook).

Fitch maintained its A+ (with stable outlook) rating of SEB throughout the global financial and European sovereign debt crises.

Since 2009, rating agencies have taken various actions affecting SEB's credit ratings. Most recently, in December 2011, S&P upgraded SEB's long-term rating to A+ from A (with stable outlook). S&P's A+ long-term rating (with stable outlook) was affirmed on 8th June, 2012. In September 2011, Fitch affirmed its A+ rating for SEB (with stable outlook). In June 2011, Moody's affirmed the long-term A1 rating (with stable outlook) reflecting the stabilisation of asset quality and recovering profitability in SEB's Baltic operations.

In February 2012, Moody's announced that the ratings of 114 European financial institutions, including all Nordic banks, would be reviewed for a possible downgrade. The major reason was the European sovereign debt crisis and the ensuing negative consequences for banks. However, as a result of this review both SEB's long-term rating of A1 and short-term of P-1 rating have been affirmed by Moody's.

Declines in those aspects of SEB's business identified by the rating agencies as significant or otherwise could adversely affect the rating agencies' perception of SEB's credit and cause them to take negative ratings actions. Any downgrade in SEB's credit ratings could adversely affect its liquidity and competitive position, undermine confidence in SEB, increase its borrowing costs, limit its access to the capital markets, or limit the range of counterparties willing to enter into transactions with SEB. SEB's credit ratings are subject to change and could be downgraded as a result of many factors, including the failure of SEB to successfully implement its strategies.

A downgrade of SEB's credit ratings could also lead to a loss of customers and counterparties which could have a material adverse effect on its business, results of operations and financial condition.

***SEB could be negatively affected by the soundness or the perceived soundness of other financial institutions and counterparties***

Given the high level of interdependence between financial institutions, SEB is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions. This is particularly relevant to SEB's franchise as an important and large counterparty in equity, fixed-income and foreign exchange markets, including related derivatives, which exposes it to concentration risk. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, as was the case after the bankruptcy of Lehman Brothers in 2008, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by SEB or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom SEB interacts on a daily basis. Included in credit risk is also the risk of losses when a country encounters financial difficulties or losses because of political decisions on nationalisation and expropriation, or if a specific country's credit rating is revised downwards or there is an expectation of a potential downgrade. Systemic risk could have a material adverse effect on SEB's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects.

SEB routinely executes a high volume of transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, insurance companies and other institutional clients, resulting in large daily settlement amounts and significant credit exposure. As a result, SEB faces concentration risk with respect to specific counterparties and customers. A default by, or even concerns about the creditworthiness of, one or more financial services institutions could therefore lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions.

In addition, SEB is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations SEB holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of SEB's counterparties could also have a negative impact on SEB's income and risk weighting, leading to increased capital requirements. While in many cases SEB is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral SEB is entitled to receive and the value of pledged assets. SEB's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to SEB, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced at various times during and since the global financial crisis and, most recently, in the second half of 2011. The termination of contracts and the foreclosure on collateral may subject SEB to claims for the improper exercise of its rights. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Any of these developments or losses could materially and adversely affect SEB's business, financial condition, results of operations, liquidity and/or prospects.

***SEB will be subject to increased capital requirements and standards due to new governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may also need additional capital in the future due to worsening economic conditions, which capital may be difficult to obtain***

Regulation and supervision of the global financial system remains a priority for governments and supranational organisations. Since the onset of the global financial crisis in 2008 and the increased loan losses and asset quality impairment financial institutions experienced as a result, governments in some European countries (including Switzerland, Sweden and the United Kingdom) have increased, or have announced that they are likely to increase, the minimum capital requirements for banks domiciled in these countries over and above the increased capital requirements of the Basel III and CRD IV proposals discussed below.

At the international level, a number of initiatives are being implemented with the aim of increasing capital requirements, increasing the quantity and quality of capital and raising liquidity levels in the banking sector.

Among these are a number of specific measures proposed by the Basel Committee on Banking Supervision (the **Basel Committee**) and implemented by the European Union to tighten regulations with effect from the end of 2010 and the end of 2011. The proposals include stricter rules on Tier 1 hybrid securities and large exposures as well as higher capital requirements for securitisations and positions within trading books.

The Basel Committee issued a comprehensive set of reform measures in December 2010 (Basel III). The aim of the framework is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen banks' transparency and disclosures. The framework raises both the quality and quantity of the capital base and increases capital requirements for certain positions. The minimum requirements for capital will be underpinned by a leverage ratio that serves as a backstop to the risk-based capital measures. In addition to the minimum requirements, there will also be buffer requirements in the form of both a capital conservation buffer and a countercyclical capital buffer. The framework also introduces internationally harmonised minimum requirements for liquidity risk. Important additions to the framework are expected from the Basel Committee, including increased requirements for systemically important banks, bail-in of debt and the role of contingent capital. As a result, the regulatory framework in the future will be very different from the current one and the changes could have a material impact on SEB's business.

The EU authorities supported the work of the Basel Committee and, on July 20, 2011, the European Commission adopted a legislative package of proposals (known as **CRD IV**) to implement the key Basel III reforms through the replacement of the existing Capital Requirements Directive (2006/48/EU and 2008/49/EU) with a new directive and regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019.

For the foregoing reasons, SEB may need to obtain additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. SEB is unable to predict what regulatory requirements may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on its business, the products and services that it offers and the values of its assets. For example, if SEB is required to make additional provisions, increase its reserves or capital, or exit or change certain businesses as a result of the initiatives to strengthen the regulation of banks, this could adversely affect its results of operations or financial condition.

#### ***Effective management of SEB's capital is critical to its ability to operate and grow its business***

Effective management of SEB's capital is critical to its ability to operate and grow its business and to pursue its strategy. SEB is required by regulators in Sweden and in other jurisdictions in which it undertakes regulated activities to maintain adequate capital. SEB seeks to mitigate the risk of not meeting capital adequacy requirements by careful management of its balance sheet and capital, through capital raising activities, disciplined capital allocation and currency hedging of investments in foreign subsidiaries. However, any change that limits SEB's ability to effectively manage its balance sheet and capital resources (including, for example, reductions in profits and retained earnings as a result of credit losses, write-downs or otherwise, increases in risk-weighted assets (which are pro-cyclical under Basel II, resulting in risk weighting increasing in economic downturns), delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions or otherwise) could have a material adverse impact on its business, financial condition, results of operations, liquidity and/or prospects.

#### ***Volatility in interest rates has affected and will continue to affect SEB's business***

SEB generally relies on deposits for a significant portion of its funds, which funding is low-cost to SEB due to the relatively low rates paid, in particular in current accounts. SEB's overall net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining SEB's profitability. Net interest margins, particularly deposit margins, tend to get compressed in a low interest rate environment. Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by SEB and in its net interest margin.

Interest rates are highly sensitive to many factors beyond SEB's control, including fiscal and monetary policies of governments and central banks in the jurisdictions in which SEB operates, which are unpredictable in nature. For example, central banks have reduced interest rates to record lows and interest rates remained low throughout 2010 and 2011 in many countries. In Sweden, the Swedish Riksbank lowered its repo rate in stages from 4.75 per cent. in the last quarter of 2008 to 0.25 per cent. in July 2009, where it remained unchanged until July 2010. Since then, the Swedish Riksbank gradually increased the repo rate to 2 per cent. but lowered it to 1.75 per cent. in December 2011 and to its current level of 1.5 per cent. in February 2012 due to uncertain macroeconomic

conditions. The Swedish Riskbank left the repo rate unchanged at its latest meeting in April 2012 and the next ordinary meeting to decide on a change of the repo rate, if any, is in July 2012. Although increasing interest rates improved SEB's net interest margins on deposits during 2011, its deposit margins remain compressed due to the continuing low level of interest rates. The recent reductions in the repo rate are also expected to adversely affect deposit margins in 2012 unless reversed.

While SEB has implemented risk management methods to mitigate and control the interest rate risks to which it is exposed, and while certain changes in interest rates may be beneficial for SEB's business if they reduce its cost of funding, it is difficult to predict with accuracy changes in economic or financial market conditions and to anticipate the effects that such changes could have on SEB's business, financial condition, results of operations, liquidity and/or prospects.

***SEB is exposed to foreign exchange risk, and a devaluation or depreciation of any of the currencies in which it operates could have a material adverse effect on its assets, including its loan portfolio, and its results of operations***

A substantial portion of loans made by SEB are denominated in currencies other than SEK. A devaluation or depreciation of any such currencies other than SEK in which SEB operates or in which it has loan exposure may require it to take an impairment charge. Further, SEB may incur net provisions and credit losses as certain borrowers may be exposed to interest payments on loans in foreign currencies while having income in local currencies. For example, in the Baltic countries, a large part of lending is denominated in euro while customers in the region typically derive their main income in local currencies (from 1st January, 2011 Estonia has adopted the euro as its local currency). A significant devaluation or depreciation of the relevant local currency against the euro would make it more difficult for these customers to repay their loans, and the credit risk associated with these customers and default rates could increase. In addition, such an event could cause adverse foreign exchange effects on SEB's income statement and equity. SEB's results of operations and financial condition, expressed in SEK, would also be adversely affected by the relative weakness of the currency of any other country in which it operates compared to the SEK.

Conversely, a depreciation of the SEK against other currencies in which loans are made to customers would result in an increase in SEB's loan portfolio, resulting in growth in risk weighted assets and a negative impact on capital ratios. In 2010 and 2009, SEB's risk-weighted assets (calculated according to Basel II) decreased by 2 per cent., 11 per cent., respectively, partly due to an appreciation of the SEK against the U.S. dollar and the euro. In 2011, the SEK depreciated against the U.S. dollar and was slightly stronger against the euro, causing an SEK 2 billion increase in risk-weighted assets (calculated according to Basel II). In the first quarter of 2012, the SEK appreciated by 3 per cent. against the U.S. dollar and was slightly stronger against the euro by 1 per cent, causing an SEK 4 billion decrease in risk-weighted assets (calculated according to Basel II).

Notwithstanding SEB's actions to reduce currency risk, exchange rate movements between the SEK, the euro, the Danish krone, the U.S. dollar, the Latvian lat and the Lithuanian litas could have a significant effect on SEB's balance sheet positions and, over the long-term, its results of operations, which are stated in SEK.

***SEB is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business***

SEB is subject to a wide variety of banking, insurance and financial services laws and regulations and faces the risk of significant interventions by a number of regulatory and enforcement authorities in each of the jurisdictions in which it operates. As a result, SEB is exposed to many forms of risk (including legal risk) which could have an adverse effect on its business, and which may arise in a number of ways, primarily:

- changes in the monetary, interest rate, capital adequacy and other policies of central banks and regulatory authorities;
- changes in laws and regulations or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which SEB operates or may increase the costs of doing business in those markets;
- changes in regulatory requirements, such as prudential rules relating to the capital adequacy framework and the imposition of onerous compliance obligations; restrictions on business growth or pricing and requirements to operate in a way that prioritises objectives other than shareholder value creation;
- changes to financial reporting standards;
- changes in competition and pricing environments, such as harmonisation of card payment interchange fees;



- differentiation among financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, including requirements for the entire Group to accept exposure to the risk of any individual member of the Group, or third-party participants in guarantee schemes, failing;
- the design and implementation of government-mandated resolution or insolvency regimes;
- implementation of, or costs related to, local customer or depositor compensation or reimbursement schemes;
- regulations relating to, and enforcement of, anti-bribery, anti-money laundering, anti-terrorist financing or other similar regimes;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty that, in turn, may affect demand for SEB's products and services.

Regulation of financial markets has changed as a result of government intervention, including nationalisations and partial nationalisations in the United States, the United Kingdom and a number of other European countries during the global financial crisis and the perception that one of the causes of the financial crisis is attributable in part to the failure of regulatory structures. SEB is facing greater regulation in the jurisdictions in which it operates. Compliance with such regulations is likely to increase SEB's capital requirements, expose it to additional costs and liabilities, and require it to change how it conducts its business, including the reduction of risk and leverage of certain activities, or otherwise have an adverse impact on its business, the products and services it offers and the value of its assets. Examples of new regulations which will impact SEB include the new Basel III framework as implemented by CRD IV and any more onerous requirements implemented in Sweden. In addition, SEB's life insurance companies will be affected by new European Union solvency requirements.

SEB operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, SEB may become involved in various disputes and legal proceedings in Sweden and other jurisdictions, including litigation and regulatory investigations. These disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory action or adverse judgments in litigation could result in fines or in restrictions or limitations on SEB's operations, any of which could result in a material adverse effect on its reputation or financial condition. In addition, any determination by local regulators that SEB has not acted in compliance with applicable local laws in a particular market, or any failure to develop effective working relationships with local regulators, could have a significant and negative effect not only on SEB's businesses in that market but also on its reputation generally.

***SEB operates in competitive markets that may consolidate further, which could have an adverse effect on its financial condition and results of operations***

SEB is subject to significant competition in the markets in which it operates. Competition may increase in some or all of SEB's markets as a result of legislative, regulatory, technological or other factors. Increased competition could cause SEB to lose business or compel it to price products and services on less advantageous terms, or otherwise have an adverse effect on its business, financial condition, results of operations and prospects. Consolidation among banking institutions in the United States, the United Kingdom and other European countries, in part due to the financial crisis, has changed the competitive landscape for banks and other financial institutions. This consolidation may extend into SEB's principal geographic markets, including Sweden, and could increase competitive pressures on SEB. In addition to the effects of consolidation, increased government ownership of, and involvement in, the financial sector generally may have an impact on the competitive landscape in the principal markets in which SEB operates and on the way in which banks in those markets conduct their operations. At present, however, it is difficult to predict what the effects of this increased government ownership and involvement will be or how it will differ from jurisdiction to jurisdiction. Although SEB believes its businesses are well suited to compete effectively in such an environment, it may experience stronger competition for corporate, institutional and retail clients and increased pressure on profit margins as well as other pricing pressures on its products and services, particularly as competitors seek to build their market share, which may harm SEB's ability to maintain or increase profitability. These and other changes in the competitive landscape could adversely affect SEB's business, financial condition, results of operations, liquidity, markets and prospects.

### ***Conflicts of interest, whether actual or perceived, and fraudulent actions may negatively impact SEB***

As SEB expands the scope of its businesses and its client base, it increasingly has to implement policies on corporate governance on a Group-wide level and address potential conflicts of interest, including situations where SEB's services to a particular client or its own proprietary investments or other interests conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of SEB's businesses have access to material non-public information that may not be shared with other businesses within the Group. SEB has procedures and controls that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses. Appropriately identifying and dealing with conflicts of interest is complex, in part because internal breaches of policy can be difficult to discover. SEB's reputation may be damaged, and the willingness of clients to enter into transactions in which such a conflict might arise may be affected, if SEB fails, or appears to fail, to identify and deal appropriately with conflicts of interest. In addition, many financial institutions, including SEB, may be negatively impacted by fraudulent acts or violations of internal instructions committed by their own employees. SEB cannot predict whether such instances of internal fraud will occur or, if they were to occur, the extent to which these acts would negatively impact it.

### ***SEB's life insurance business is subject to risks involving declining market values of assets related to its unit-linked business and traditional portfolios and inherent insurance risks***

SEB's traditional life insurance business is subject to the risk of declines in the market values of its asset portfolios. The principal effect on the unit-linked business of declining market values is to reduce income, as a significant portion of the fee income from unit-linked policies is related to the value of assets under management. SEB's traditional life insurance business is also subject to the risk of falling long-term interest rates, as its traditional insurance contracts guarantee specified benefits to the policyholder at maturity. SEB's traditional life insurance business is mainly written in Denmark and Sweden, with the Danish business representing close to 90 per cent. of SEB's total traditional life insurance business's assets under management (excluding the traditional life insurance business in Gamla Livförsäkringsaktiebolaget SEB Trygg Liv (**Gamla Liv**) which is closed for new business). In the Danish business, buffer funds built up by the policyholders absorb short-term fluctuations in investment returns, and interest rates and the bonus allocated to policyholders year-by-year can also be reduced during a single year to further build up buffer capital. Nevertheless, SEB bears the ultimate risk if investment returns over time are not sufficient to service the guarantees given to policyholders and no assurance can be given that if investment returns remain depressed for extended periods that additional reserves may not need to be established. In Sweden, the excess capital in the traditional portfolios of Fondförsäkringsaktiebolaget SEB Trygg Liv was exhausted and, in 2008, SEB was required to make a significant provision to cover the shortfall. Although this provision was substantially recovered in 2009 and 2010 as investment returns improved during these years, the provision increased again in 2011. During the first quarter of 2012, investment returns improved and SEB recovered part of the provisions made in 2011. There can be no assurance that further provisions to cover such shortfalls may not be required in the future.

In addition, SEB's life insurance business inherently faces the risk of volatility in the amount and timing of claims caused by unexpected changes in mortality, longevity, morbidity and expenses. Mortality risk is the risk of deviations in timing and amounts of cash flows (premiums and benefits) due to the incidence or non-incidence of death. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policyholders and pensioners, resulting in payout ratios higher than what the insurance company originally accounted for. Morbidity risk is the risk of deviations in timing and amount of cash flows (such as claims) due to the incidence or non-incidence of disability and sickness. These insurance risks are mainly related to the traditional business. A material change in relation to any of these insurance risks or the inability of SEB to successfully manage these risks could materially and adversely affect SEB's business, financial condition, results of operations, liquidity and/or prospects.

### ***Fraud, credit losses and delinquencies, as well as regulatory changes affect SEB's card business***

SEB operates a card business primarily in the Nordic countries and faces the risk of reduction of earnings and credit losses from this business due to fraud and delinquencies. Prior to 2009, fraud losses had shown an increasing trend, principally due to counterfeit and internet fraud, especially following more frequent travelling by card holders. In 2009, 2010 and 2011, fraud losses decreased reflecting enhanced monitoring procedures implemented by SEB. In the first quarter of 2012, fraud losses remained at a low level. Fraud losses are generally higher in the corporate card sector (due to the higher extent of international travel among corporate card users), which forms a significant part of SEB's card business. Although SEB has instituted increased monitoring procedures to protect against incidents of fraud, there can be no assurance that fraudulent incidents will not increase again in the future. Further, high delinquency rates in payments by customers on cards and

high credit loss rates result in increases in credit loss provisions and write-offs as well as increases in costs due to larger collection and monitoring costs. These may have a negative effect on SEB's financial performance. Changes in consumer behaviour due to economic conditions could also cause a reduction in consumer demand and spending. If accountholders carry reduced balances or fail to pay their balances due to effects of adverse economic conditions, interest and fee income could decline, credit losses could increase and SEB's performance could be negatively affected.

SEB's card business is also subject to new and changing regulations, the Single Euro Payments Area initiative, interchange fees, anti-money laundering and know-your-customer regulations. These regulations impose additional compliance procedures and information requirements for customers and are likely to result in increased regulation in this business area within the European Union, and may lead to higher costs, pressure on fees and reduced earnings.

***SEB's guidelines and policies for risk management may prove inadequate for the risks faced by its businesses***

The management of business, regulatory and legal risks requires, *inter alia*, guidelines and policies for the accurate identification and control of a large number of transactions and events. Such guidelines and policies may not always be adequate. Some of the measures taken by SEB to manage various risks are to enter into hedging transactions to manage market risks, to issue credit risk limits for each counterparty to which SEB is exposed in its lending business, to have sufficient security for credits provided, and to do customary due diligence to manage legal risks. Some of these and other methods used by SEB to manage, estimate and measure risk, such as value-at-risk (VaR) analyses, are based on historic market behaviour. The methods may therefore prove to be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historic experience. Historical data may also not adequately allow prediction of circumstances arising due to the government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to SEB. Such information may not always be correct, updated or correctly evaluated.

***Weaknesses or failures in SEB's internal processes and procedures and other operational risks could have a negative impact on its financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage***

SEB's businesses are dependent on their ability to process and report accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Operational risks are present in SEB's businesses, through inadequate or defective internal processes (including financial reporting and risk monitoring processes) or from people-related events (including the risk of fraud and other criminal acts carried out against SEB, errors by employees and failure to document transactions properly or obtain proper authorisation) or external events (including natural disasters or the failure of external systems). There can be no assurance that the risk-controls, loss-mitigation and other internal controls or actions in place within SEB will be effective in controlling each of the operational risks faced by it. Any weakness in these controls or actions could result in an adverse impact on SEB's business, financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage.

Notwithstanding anything in this risk factor, this risk should not be taken as implying that either the Bank or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the UK Financial Services Authority.

***The information technology and other systems on which SEB depends for its day-to-day operations may fail for a variety of reasons that may be outside its control; SEB is also subject to the risk of infrastructure disruptions or other effects on such systems***

SEB's operations are dependent on its ability to process and monitor, on a daily basis, a large number of transactions, many of which are complex, across numerous and diverse markets, and in many currencies. SEB's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled due to, for example, a spike in transaction volume, which may have an adverse effect on SEB's ability to process transactions or provide services. In addition, other factors which could cause SEB's operating systems to fail or not operate properly include a deterioration in the quality of information technology (IT) development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations. Despite SEB's significant expenditures on its IT systems, there can be no assurance that these expenditures will be

sufficient or that its IT systems will function as planned. Any disruption in SEB's IT or other systems may have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Despite the contingency plans and facilities SEB has in place, its ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the businesses and the countries in which it is located. This may include a disruption involving electrical, communications, transportation or other services used by SEB or third parties with which it conducts business, or a catastrophic event involving any location where SEB has a significant operational base.

SEB's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. SEB's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact. If one or more of such events occur, any one of them potentially could jeopardise the confidential and other information of SEB, its clients or its counterparties. SEB may be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. It may also be subject to litigation and financial losses as well as reputation risks that are either not insured against or not fully covered through any insurance maintained by SEB.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Bank or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the UK Financial Services Authority.

***In order to compete successfully, SEB is dependent on highly skilled individuals; SEB may not be able to retain or recruit key talent***

SEB's performance is largely dependent on the talents and efforts of highly skilled individuals. SEB's continued ability to compete effectively in its businesses and to expand into new businesses and geographic areas depends on SEB's ability to attract new employees and to retain and motivate its existing employees. Competition from within the financial services industry, including from other financial institutions, as well as from hedge funds, private equity funds and venture capital funds, and from businesses outside the financial services industry, for key employees is intense. This may impact SEB's ability to take advantage of business opportunities or potential efficiencies.

***SEB may be subject to industrial actions by its employees in connection with collective bargaining negotiations***

As of 31st December, 2011, approximately 60 per cent. of SEB's employees in Sweden were members of trade unions. As of the same date, in SEB's subsidiaries in Estonia and Lithuania, no employees were trade union members and, in SEB's subsidiary in Latvia, approximately 17 per cent. of the employees were trade union members. Trade union membership is not disclosed in Germany, Denmark or Finland and in Norway the employee trade union membership level was 4 per cent. SEB consults with its employees and the relevant trade unions regarding pay, work practices and conditions of employment. While industrial relations issues between SEB and its employees have previously been resolved through negotiation, there can be no assurance that in the future this will always be the case and that SEB's employees might not resort to industrial action or that SEB will be able to continue to negotiate wages and salaries and terms and conditions of employment on terms that support its ability to offer its services at competitive prices. In addition, SEB's price and cost competitiveness may also be affected by the time and cost involved in negotiating labour issues, particularly in its markets of operations that have strong labour laws or a tradition for job security, such as the Nordic countries and Germany.

***Changes in SEB's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations***

From time to time, the International Accounting Standards Board (the **IASB**) and/or the European Union change the financial accounting and reporting standards that govern the preparation of SEB's financial statements. These changes can be difficult to predict and can materially impact how SEB records and reports its financial condition and results of operations. In some cases, SEB could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. By way of example, in October 2008, the IASB adopted, and the European Union endorsed, amendments to IAS 39 and IFRS 7 that permit the reclassification of financial instruments in certain circumstances. Pursuant to the amended standards, SEB reclassified a portion of its fixed-income securities portfolio as described under "*—SEB's accounting policies and methods are critical to how it reports its financial condition and results of operations. They require management to make estimates about matters that are uncertain*" below. The IASB aims to replace all of IAS

39 through the publication of standards relating to impairment methodology and hedge accounting. As this process is not complete, SEB is unable to assess the impact of any such changes on the Group. In addition, during 2011, the IASB issued an amendment to IAS 19, Employee Benefits, on accounting for defined benefit obligations that may be implemented from 1st January, 2013 (pending expected EU endorsement in the second quarter of 2012). The new accounting standard stipulates that any unrecognised deficit between the market value of assets held to meet future pension obligations and the value of these pension obligations should be deducted from equity at the Group level (these differences have been built up due to the currently authorised use of the "corridor method" of accounting). If the new standard had been applied at the end of 2011, a deduction against consolidated equity of SEK 5.3 billion after tax would have been made and SEB's core Tier 1 capital ratio would have been reduced by approximately 1 per cent. The IASB may make other changes to financial accounting and reporting standards that govern the preparation of SEB's financial statements, which SEB may adopt if determined to be appropriate by SEB's management, or which SEB may be required to adopt. Any such change in SEB's accounting policies or accounting standards could materially affect its reported financial condition and results of operations.

***SEB's accounting policies and methods are critical to how it reports its financial condition and results of operations. They require management to make estimates about matters that are uncertain***

Accounting policies and methods are fundamental to how SEB records and reports its financial condition and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with IFRS.

Management has identified certain accounting policies in the notes to its financial statements as being critical because they require management's judgment to ascertain the valuations of assets, liabilities, commitments and contingencies. See Note 1, "Accounting policies", to the 2011 Financial Statements. These judgments include, for example, the non-consolidation of Gamla Liv into the life insurance operations of the Group. Further, based on the amendments adopted by the IASB to IAS 39 and IFRS 7 permitting the reclassification of financial instruments in certain circumstances, SEB decided in October 2008 to reclassify SEK 95 billion of its fixed-income securities as loans and receivables as of 1st July, 2008. The reclassified amounts included SEK 12 billion of assets held for trading and SEK 83 billion of assets in the available-for-sale category. SEB also decided to reclassify an additional SEK 52 billion of its fixed-income securities as loans and receivables as of 1st January, 2009. The reclassified securities are no longer carried at fair value. As a consequence of the reclassifications, SEB implemented changes to its financial reporting from the third quarter of 2008 that had the effect of increasing operating profit, net profit and total equity.

A variety of factors could affect the ultimate value that is obtained either when earning income, recognising an expense, recovering an asset, or reducing a liability. SEB has established detailed policies and control procedures that are intended to ensure that these critical accounting estimates and judgments are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding SEB's judgments and the estimates pertaining to these matters, SEB cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

***Any impairment of goodwill and other intangible assets would have a negative effect on SEB's financial position and results of operations***

SEB makes impairment tests on goodwill and other intangible assets at least once a year or whenever there are indications of a possible impairment of any such assets. In 2009, SEB wrote off all of the remaining goodwill in its investments in Eastern European countries in an amount of SEK 2,969 million, reflecting the poor economic situation with lower lending volumes and a sharp increase in impaired loans in the region. Should global economic conditions deteriorate again in the future, especially with regard to the financial sector (either in any of SEB's core markets or in general), the need for further impairments may occur, which may have a material adverse effect on SEB's financial position and results of operations.

***SEB may be required to make provisions for its pension schemes, or further contributions to its pension foundations, if the value of pension fund assets is not sufficient to cover potential obligations***

SEB maintains a limited number of defined benefit pension schemes for past and current employees. The pension obligations under these schemes are partly secured by foundations established for that purpose. The foundations' assets comprise investment portfolios that are held to meet SEB's projected liabilities to the scheme members. Risk arises from the schemes because the value of these asset portfolios and returns from them may be less than expected and because there may be greater than expected increases in the estimated value

of the schemes' liabilities. In these circumstances, SEB could be obliged, or may choose, to make provisions for its pension schemes or additional contributions to the foundations. During recent years, including in 2011, 2010 and 2009, SEB made contributions to its German and card business pension foundations. Depending on the pace and nature of any future macro-economic recovery, SEB may be required or elect to make provisions for its pension schemes, or further contributions to the pension foundations, which could be significant and have a negative impact on SEB's results of operations.

***SEB is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates***

SEB's activities are subject to tax at various rates in the jurisdictions in which it operates, computed in accordance with local legislation and practice. Future actions by the Swedish or other governments to increase tax rates or to impose additional taxes would reduce SEB's profitability. Revisions to tax legislation or to its interpretation might also affect SEB's financial condition in the future. In addition, SEB is subject to periodic tax audits which could result in additional tax assessments relating to past periods of up to six years being made. Any such assessments could be material which might also affect SEB's financial condition in the future.

***SEB is exposed to risks related to money laundering activities, especially in its operations in emerging markets***

In general, the risk that banks will be subjected to or used for money laundering has increased worldwide. The risk of money laundering is higher in emerging markets, such as Russia and Ukraine where SEB currently has small operations, than in Sweden and other more developed markets where SEB operates. The high turnover of employees, the difficulty in consistently implementing related policies and technology systems, and the general business conditions in emerging markets mean that the risk of the occurrence of money laundering is higher in these countries. If financial market conditions, both globally and regionally, deteriorate, there is a risk that incidents involving money laundering may increase; this may affect SEB's ability to monitor, detect and respond to such incidents. The risk of future incidents in relation to money laundering always exists for financial institutions. Any violation of anti-money laundering rules, or even the suggestion of violations, may have severe legal and reputational consequences for SEB, especially in terms of its business relations with institutions based or active in the United States, and may, as a result, adversely affect SEB's business. SEB also faces increased compliance and operational risks in its emerging market operations for the reasons described above.

***SEB is subject to a variety of regulatory risks as a result of its operations in emerging markets***

SEB has small operations in emerging markets, such as Russia and Ukraine. New laws are being enacted, but many remain untested, and laws, regulations and case law applicable to the securities and financial services industries and many of the transactions in which SEB is involved are still evolving. The laws and courts of these countries have not been fully tested in contract enforcement and other types of commercial disputes. These conditions can lead to delays in enforcement proceedings, restructuring and other aspects of the Group's operations in these markets.

SEB is also subject to risks of possible nationalisation, expropriation, price controls, capital controls, exchange controls and other restrictive government actions, as well as the outbreak of hostilities in these markets. While the laws of each of the emerging markets in which SEB operates in respect of foreign investment provide guarantees against nationalisation and expropriation, there is little or no judicial precedent in this area. In addition, the laws on foreign investment currently allow free repatriation of funds to the home country. However, no assurances can be given that these provisions will not be modified or repealed in the future.

***Catastrophic events, terrorist acts, acts of war or hostilities, pandemic diseases or geopolitical or other unpredictable events could have a negative impact on SEB's business and results of operations***

Catastrophic events, terrorist acts, acts of war or hostilities, pandemic diseases or geopolitical or other unpredictable events and responses to those acts or events may create economic and political uncertainties, which could have a negative impact on Swedish, European and international economic conditions generally and, more specifically, could interrupt SEB's business and result in substantial losses. In addition, a pandemic disease caused by a virus such as H1N1 (the swine flu virus) could result in large areas being subject to quarantine, with the result that economic activity slows or ceases, adversely affecting SEB's business and the general economic climate within such area, which in turn could have an adverse effect on SEB's business. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets, trading positions or key employees. If SEB's business continuity plans do not address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to increased

operating costs, such as higher insurance premiums and the need for redundant back up systems. Insurance coverage for certain risks may also be unavailable and thus increase SEB's risk. SEB's inability to effectively manage these risks could have a material adverse effect on its business, results of operations and financial condition.

#### ***Financial services operations involve inherent reputational risk***

SEB's reputation is one of its most important assets. Reputational risk, including the risk to earnings and capital from negative public opinion, is inherent in the financial services business. Negative public opinion can result from any number of causes, including misconduct by employees, the activities of business partners over which SEB has limited or no control, severe or prolonged financial losses, or uncertainty about SEB's financial soundness or reliability. Negative public opinion may adversely affect SEB's ability to keep and attract customers, depositors and investors, as well as its relationships with regulators and the general public. SEB cannot ensure that it will be successful in avoiding damage to its business from reputational risk.

#### ***SEB may incur significant costs in developing and marketing new products and services***

SEB's success depends, in part, on the ability to adapt products and services to evolving industry standards. There is increasing pressure to provide products and services at lower prices. This can reduce net interest income and non-interest income from fee-based products and services. In addition, the widespread adoption of new technologies could require SEB to make substantial capital expenditures to modify or adapt existing products and services or develop new products and services. SEB may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance. As a result, SEB could lose business, be forced to price products and services on less advantageous terms to retain or attract clients, or be subject to cost increases.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### ***Notes subject to optional redemption by the Bank***

An optional redemption feature of Notes is likely to limit their market value. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

#### ***Risks that may apply to Reference Item Linked Notes issued under the Programme***

The Bank may issue Notes in respect of which payments relating to principal (including, where applicable, the Final Redemption Amount) and/or interest are determined by reference to the price, level or value of one or more underlying reference items, including without limitation indices, shares, global depositary receipts, American depositary receipts, commodities or commodity indices, currencies, funds and the credit of a particular reference entity (or entities) (each such underlying reference item, a **Reference Item**, and such Notes, **Reference Item Linked Notes**). Reference Item Linked Notes involve a high degree of risk. Potential investors should be aware that:

- (i) the market price of Reference Item Linked Notes may be very volatile;
- (ii) they may receive no or a limited amount of interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;

- (v) movements in the price or level of a Reference Item may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) the timing of changes in the price or level of a Reference Item may affect the actual yield to investors, even if the average price or level is consistent with their expectations. In general, the earlier the change in the value of the Reference Item, the greater the effect on yield; and
- (vii) if a Reference Item is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the price or level of that Reference Item on principal or interest payable likely will be magnified.

Reference Item Linked Notes are also particularly vulnerable to other types of risk which may include, among others, interest rate, foreign exchange, time value and political risks. Other factors which may influence the market value of Reference Item Linked Notes include potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the price or level of the relevant Reference Item(s) from time to time, changes to the composition of the relevant Reference Item(s) and market expectations regarding the future performance of the relevant Reference Item(s). Further specific risks relating to particular Reference Items are set out in more detail below.

**Prospective investors should be prepared to sustain a total loss of the purchase price of the Notes.** This risk reflects the nature of such Notes as assets which, other factors held constant, tends to decline in value over time and which may become worthless.

Prospective investors in Reference Item Linked Notes should understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Reference Item Linked Notes will represent an investment linked to the economic performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in such Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change in value of the Notes may not be comparable and may be disproportionate to changes in value of the relevant Reference Item(s). It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the Reference Items(s), Reference Item Linked Notes represent the right to receive one or more payments in respect of principal and/or periodic payments of interest (in each case, if specified in the applicable Final Terms), all or some of which may be determined by reference to the performance of the relevant Reference Item(s). The applicable Final Terms will set out the provisions for the determination of the amount of any principal payments and/or the amount of any periodic interest payments. A Note will not represent a claim against any Reference Item and, in the event of any loss, a Holder will not have recourse under a Note to any Reference Item.

Where the amount(s) of interest and/or principal payable is linked to the performance of the relevant Reference Item(s), to receive the return that he/she may anticipate an investor in a Reference Item Linked Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s). Assuming all other factors are held constant, the lower the value of such a Note and the shorter the remaining term to redemption the greater the risk that purchasers of such Note will lose all or part of their investment. The historical experience of a Reference Item should not be viewed as an indication of the future performance of such Reference Item during the term of any Reference Item Linked Notes. There is no return on Reference Item Linked Notes other than the potential payments in respect of principal and interest, in each case, where and as specified in the applicable Final Terms.

**FLUCTUATIONS IN THE VALUE AND/OR VOLATILITY OF THE RELEVANT REFERENCE ITEM(S) ARE LIKELY TO AFFECT THE VALUE OF THE RELEVANT REFERENCE ITEM LINKED NOTES. INVESTORS IN REFERENCE ITEM LINKED NOTES MAY RISK LOSING THEIR ENTIRE INVESTMENT IF THE VALUE OF THE RELEVANT REFERENCE ITEM(S) DOES NOT MOVE IN THE ANTICIPATED DIRECTION.**

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY CASH AMOUNTS PAYABLE IN RESPECT OF PRINCIPAL AND ANY PERIODIC INTEREST PAYMENTS ARE**



**DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

The Bank may issue several issues of Reference Item Linked Notes relating to particular Reference Item(s). However, no assurance can be given that the Bank will issue any Reference Item Linked Notes other than the Reference Item Linked Notes to which the applicable Final Terms relate. At any given time, the number of Reference Item Linked Notes outstanding may be substantial.

Reference Item Linked Notes commonly include provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date, an Averaging Date or a Pricing Date. Where such provisions are included and the Calculation Agent determines that a market disruption event or such failure to open has occurred or exists on any such date, any consequential postponement of the relevant Valuation Date, Averaging Date or a Pricing Date (and hence the timing of valuation(s) of the relevant Reference Item(s)) or any alternative provisions for valuation provided for in the terms of the Notes, may have an adverse effect on the value of such Reference Item Linked Notes and/or may delay settlement in respect of such Notes. Prospective purchasers should review the Conditions of the relevant Reference Item Linked Notes and the applicable Final Terms to ascertain whether and how such provisions apply to such Notes.

In addition, Reference Item Linked Notes that are Index Linked Notes, Equity Linked Notes or Commodity Linked Notes may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price or level of the relevant Reference Item (or basket of Reference Items) reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity and/or an interim payment;
- "Knock-out", being the occurrence of a specified knock-in event when the price or level of the relevant Reference Item (or basket of Reference Items) reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity and/or an interim payment;
- "Trigger Event", occurring on the event that any Reference Item is equal to or less than the specified level for such Reference Item during the relevant observation period; and
- "Best/Worst Performance", being, in relation to Reference Item Linked Notes referencing more than one Reference Item, that the payout on maturity and/or interim payment(s) which may be payable in respect of the relevant Notes may be determined by reference to the Reference Item (or a weighted basket of Reference Items) giving the highest performance ("Best Performance") or lowest performance ("Worst Performance") on a specified observation date or dates.

In such circumstances, the market value of the Notes may be more volatile than for securities that do not include such features and the timing of changes to the price or level of the relevant Reference Item(s) (or basket of Reference Items) may affect the return on the Notes even if the price or level is generally consistent with an investor's expectations.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms for any Index Linked Notes, Equity Linked Notes or Commodity Linked Notes, on the occurrence of a specified event (such as the relevant Reference Item(s) (or basket of Reference Items) exceeding or falling below a specified price or level on an observation date or during an observation period), such Notes will be redeemed prior to their designated Maturity Date at the specified Mandatory Early Termination Amount and no further amounts will be payable in relation to such Notes.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in the relevant Reference Item Linked Notes with an investment that has a similar profile to such Notes. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price or level of the relevant Reference Item(s) that would have resulted in a higher return on the Notes if they had not been redeemed prior to their designated Maturity Date.

Where the Notes are interest bearing Notes interest will accrue in respect of each Interest Period and will be payable on the Interest Payment Date at the end of or following the relevant Interest Period. It should be noted that an Interest Payment Date may fall after the related Interest Period and no interest in respect of the period of time since the end of that Interest Period will be payable on the related Interest Payment Date. This may mean

that there are one or more periods of time during the life of the Notes in respect of which no interest will be payable.

*Specific risks relating to Index Linked Notes*

*Index Linked Notes are subject to both the risks set out in "Risks relating to Reference Items Linked Notes generally" above and to the further specific risks set out in this section.*

Index Linked Notes are Reference Item Linked Notes in respect of which one or more of the relevant Reference Item(s) is an index or basket of indices. Index Linked Redemption Notes may be redeemable by the Bank by payment of the par value amount and/or by payment of an amount determined by reference to the value of the index/indices. Interest payable on Index Linked Interest Notes may be calculated by reference to the value of one or more indices.

The index or indices may be comprised of reference equities, bonds, other securities, property, currency exchange rate or other assets or bases of reference, and may be a well known and widely published index or indices or an index or indices established by the Bank or another entity which may not be widely published or available.

An investment in Index Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security.

The value of an index on any day will reflect the value of its constituents on such day. Changes in the composition of such index and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of such index and therefore may affect the return on an investment in Index Linked Notes.

The market price of Index Linked Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level(s) of the index or indices. The level(s) of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities or other components comprising the index or indices may be traded.

*Specific Risks relating to Commodity Linked Notes*

*Commodity Linked Notes are subject to both the risks set out in "Risks relating to Reference Items Linked Notes generally" above and to the further specific risks set out in this section.*

Commodity Linked Notes are Reference Item Linked Notes in respect of which one or more of the relevant Reference Item(s) is a commodity, a basket of commodities, a commodity index or a basket of commodity indices. Commodity Linked Redemption Notes may be redeemable by the Bank by payment of the par value amount and/or by payment of an amount determined by reference to the value of the commodity, commodity index, commodities and/or commodity indices. Interest payable on Commodity Linked Interest Notes may be calculated by reference to the value of one or more commodities and/or commodity indices. Accordingly, an investment in Commodity Linked Notes may bear similar market risks to a direct commodity investment and investors should take advice accordingly.

An investment in Commodity Linked Notes will entail significant risks not associated with a conventional debt security.

The value of a commodity index on any day will reflect the value of its constituents on such day. Changes in the composition of such index and factors which either affect or may affect the value of the commodities that are constituents of the commodity index, will affect the value of such commodity index and therefore may affect the return on an investment in any Commodity Linked Notes. Any commodity index may be a well known and widely published index or an index established by the Bank or another entity which may not be widely published or available.

The market price of Commodity Linked Notes may be volatile and may be affected by the time remaining to the redemption date and the volatility of the price of the relevant commodities or level of the relevant commodity indices. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

*Specific risks Equity Linked Notes (including GDR/ADR Linked Notes)*

*Equity Linked Notes (including GDR/ADR Linked Notes) are subject to both the risks set out in "Risks relating to Reference Items Linked Notes generally" above and to the further specific risks set out in this section.*

Equity Linked Notes are Reference Item Linked Notes in respect of which one or more of the relevant Reference Item(s) is a share or basket of shares (or in the case of GDR/ADR Linked Notes, to the value of one or more global depositary receipts (GDRs) or American depositary receipts (ADRs)). Equity Linked Redemption Notes may be redeemable by the Bank by payment of the par value amount or by payment of an amount determined by reference to the value of one or more shares (or in the case of GDR/ADR Linked Notes, to the value of one or more GDRs or ADRs). Interest payable on Equity Linked Interest Notes may be calculated by reference to the value of one or more shares (or in the case of GDR/ADR Linked Notes, to the value of one or more GDRs or ADRs). Accordingly, an investment in Equity Linked Notes may bear similar market risks to a direct investment in the relevant share(s), GDR(s) and/or ADR(s) (as applicable) and investors should take advice accordingly.

An investment in Equity Linked Notes will entail significant risks not associated with a conventional debt security.

Prospective should note further that Holders of Equity Linked Notes will not have voting rights or rights to receive dividends or distributions or any other rights with respect to any share that is a Reference Item for such Equity Linked Notes.

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

In the case of Equity Linked Notes for which a Reference Item is a share, following the declaration by the Share Company of any such share of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (Provided That no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes.

In addition, if a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to any share, the Bank in its sole and absolute discretion may:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the relevant Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes;
- (ii) redeem part (in the case of Equity Linked Notes relating to a basket of shares) or all (in any other case) of the Notes. Following such redemption an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time; and
- (iii) if the applicable Final Terms provide that "Share Substitution" is applicable in respect of Equity Linked Notes relating to a basket of shares, require the Calculation Agent to adjust the basket of shares to include a share selected by it in accordance with the criteria for share selection set out in the applicable Final Terms in place of the share(s) which are affected by such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency and the substitute shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of those Equity Linked Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

No issuer of any relevant share(s) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Equity Linked Notes and none of the Bank and/nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of any such share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of that share and therefore the trading price of any Equity Linked Notes for which such share is a Reference Item.

*Specific risks relating to Currency Linked Notes (including Dual Currency Notes)*

*Currency Linked Notes are subject to both the risks set out in "Risks relating to Reference Items Linked Notes generally" above and to the further specific risks set out in this section.*

Currency Linked Notes are Reference Item Linked Notes which are payable in one or more currencies which may be different from the currency in which the Notes are denominated (such Currency Linked Notes, **Dual Currency Notes**) or in respect of which one or more of the relevant Reference Item(s) is a currency exchange rate. Currency Linked Redemption Notes may be redeemable by the Bank by payment of the par value amount and/or by payment of an amount determined by reference to the value of, or rate of exchange between, one or more currencies. Interest payable on Currency Linked Interest Notes may be calculated by reference to the value of, or rate of exchange between, one or more currencies. Accordingly, an investment in Currency Linked Notes may bear similar market risks to a direct foreign exchange investment and investors should take advice accordingly.

An investment in Currency Linked Notes will entail significant risks not associated with a conventional debt security.

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Linked Notes. Furthermore, investors who intend to convert gains or losses from the redemption or sale of Currency Linked Notes into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant Settled Currency of the Currency Linked Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces (see "Exchange rate risks and exchange controls" below).

*Specific risks relating to Fund Linked Notes*

*Fund Linked Notes are subject to both the risks set out in "Risks relating to Reference Items Linked Notes generally" above and to the further specific risks set out in this section.*

Fund Linked Notes are Reference Item Linked Notes in respect of which one or more of the relevant Reference Item(s) is a unit or share in a fund. Fund Linked Redemption Notes may be redeemable by the Bank by payment of the par value amount and/or by payment of an amount determined by reference to the value of one or more fund share(s) or fund unit(s). Interest payable on Fund Linked Interest Notes may be calculated by reference to the value of one or more fund shares or fund units. Accordingly, an investment in Fund Linked Notes may bear similar market risks to a direct fund investment and investors should take advice accordingly.

An investment in Fund Linked Notes will entail significant risks not associated with a conventional debt security.

Prospective investors should not that the price of unit(s) or fund share(s) may be affected by the performance of the fund service providers, and in particular the investment adviser.

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

In the case of Fund Linked Notes for which one or more of the relevant Reference Item is an interest in an Exchange Traded Fund (an **ETF**), following the declaration by the ETF of the occurrence of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical relevant Fund Shares and, if

so, will (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Notes.

In addition, (a) in the case of any Fund Linked Notes, if a Merger Event, Tender Offer, Material Underlying Event, Nationalisation or Insolvency occurs in relation to any Fund Share, and (b) in the case of Fund Linked Notes linked to Exchange Traded Funds only, a De-Listing occurs in relation to any Fund Share, the Bank in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Notes;
- (ii) require the Calculation Agent to replace a Fund Interest with a replacement fund interest with a value as determined by the Calculation Agent equal to the removal value for the replaced Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the replaced Fund Interest immediately prior to the occurrence of the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalisation or Insolvency; and
- (iii) redeem all of the Notes. Following such redemption an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

#### *Specific risks relating to Credit Linked Notes*

*Credit Linked Notes are subject to both the risks set out in "Risks relating to Reference Items Linked Notes generally" above and to the further specific risks set out in this section.*

Credit Linked Notes are Reference Item Linked Notes in respect of which one or more of the relevant Reference Item(s) relates to the credit risk of a specified Reference Entity or Reference Entities. The amount of principal and/or interest payable in respect of Credit Linked Notes is dependent upon whether certain events (**Credit Events**) have occurred in respect of the relevant Reference Entity and, if so, on the value of certain specified assets of the Reference Entity.

An investment in Credit Linked Notes will entail significant risks not associated with a conventional debt security.

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date, prevailing credit spreads and the creditworthiness of the relevant Reference Entity/Entities which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

#### *Risks that may apply to Credit Linked Notes issued under the Programme*

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date, prevailing credit spreads and the creditworthiness of the Reference Entity/Entities which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

The Bank, the Dealer(s) or any of their respective Affiliates may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Reference Entity/Entities that they may not disclose. Prospective investors must therefore make an investment decision based upon their own due diligence and purchase the Credit Linked Notes in the knowledge that non-public information which the Bank, the Dealer(s) or any of their respective Affiliates may have will not be disclosed to investors. None of the Bank, the Dealer(s) or any of their respective Affiliates is under any obligation (i) to review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of any Reference Entity or conduct any investigation or due diligence into any Reference Entity or (ii) other than as may be required by applicable rules and regulations relating to the Notes, to make available (a) any information relating to the Notes or (b) any non-public information they may possess in respect of any Reference Entity.

In certain circumstances, in the event that the Calculation Agent is unable to identify a Substitute Reference Obligation prior to the Extension Date, the Bank shall have the right on or after the Extension Date to redeem the Notes at the Early Redemption Amount (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption) by notice to Noteholders.

Certain Credit Linked Notes may be highly leveraged instruments, including without limitation (i) Credit Linked Notes linked to a notional amount of Reference Entities or Reference Obligations exceeding the Calculation Amount or Issue Price of the Credit Linked Notes, as applicable, or (ii) Credit Linked Notes linked to the first-to-default reference entity within a reference portfolio (or similar arrangements over a reference portfolio). The use of leverage is a speculative investment technique designed to enhance returns. However, such technique will also magnify the adverse impacts of a Credit Event.

The Bank's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Bank's and/or any Affiliates' credit exposure to a Reference Entity and the Bank 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.

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

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

#### *2003 ISDA Credit Derivatives Definitions*

Whilst there are many similarities between the terms used in this Information Memorandum (in particular, in the Additional Terms and Conditions for Credit Linked Notes and the terms used in the 2003 ISDA Credit Derivative Definitions, as supplemented from time to time (the **Credit Derivatives Definitions**), there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Information Memorandum and the applicable Final Terms and that the Credit Derivative Definitions are not incorporated by reference herein.

#### *First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes*

In the case of First-to-Default Credit Linked Notes, a Credit Event may occur in relation to one or more of such Reference Entities (in any combination) and, following the first such Credit Event, payments under the First-to-Default Credit Linked Notes will then be determined by reference to such Credit Event. This involves an investor taking credit risk in relation to each Reference Entity specified in the basket of Reference Entities to which the Notes relate. This is because the interest and/or principal (as specified in the applicable Final Terms) payable in respect of the Notes will be determined only by reference to the Reference Entity in respect of which the first Credit Event occurs and as such an investor's entitlement to interest or principal may be effected notwithstanding the fact that no Credit Event may have occurred in respect of each of the other Reference Entities in the relevant basket.

In the case of Nth-to-Default Credit Linked Notes, a Credit Event may occur in relation to one or more of the specified Reference Entities and no adjustments shall be made in respect of the Notes unless and until the nth occurrence of the satisfaction of the Conditions to Settlement in respect of a specified Reference Entity. On the nth occurrence of a Credit Event in relation to a specified Reference Entity, payments under the Nth-to-Default Credit Linked Notes will then be determined by reference to such Credit Event. This involves an investor taking credit risk in relation to each Reference Entity specified in the basket of Reference Entities to which the Notes relate.

#### *Portfolio Credit Linked Notes*

If so specified in the applicable Final Terms the Bank may issue Portfolio Credit Linked Notes for which more than one Reference Entity will be specified and Noteholders take credit risk in relation to each such Reference Entity. Where Conditions to Settlement are satisfied in respect of any such Reference Entity a relevant portion of the Portfolio Credit Linked Notes will be affected by the relevant Credit Event and in this case (i) where Portfolio Linked Interest Adjustment is specified as "Applicable" in the applicable Final Terms, interest will be calculated on a reduced Adjusted Outstanding Nominal Amount and (ii) the Final Redemption Amount will be reduced, in each case taking into account the number of Reference Entities in respect of which Conditions to

Settlement have been satisfied. It should also be noted that in the case of Portfolio Credit Linked Notes, the Calculation Agent may in certain circumstances select a substitute Reference Entity which would not otherwise be a Successor to the original Reference Entity but meets certain requirements as set out in the Credit Linked Conditions.

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

##### *Auction Settlement*

Where Auction Settlement is specified as the applicable Settlement Method in respect of a Series of Notes and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation. The Bank and the Noteholders may have little or no influence in the outcome of any such auction.

##### *Auction Final Price and the Bank's ability to influence the Auction Final Price*

If the Credit Linked Notes are redeemed, following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms. There is a possibility that the Bank or the Calculation Agent (or one of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Bank or the Calculation Agent (or any of their Affiliates) shall be under no obligation to consider the interests of any Noteholder.

##### *Role of the Credit Derivatives Determinations Committee*

Credit Derivative Determinations Committees were established pursuant to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009) to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In respect of a Credit Event relating to a Credit Linked Note, prospective purchasers should note that the Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof. Consequently, the payments on the Notes and the timing of any such payments may be affected by any such relevant decisions if Auction Settlement is specified as the applicable Settlement Method for a series of Notes in the applicable Final Terms.

##### *Credit Event and Succession Event Backstop Dates*

In respect of a Credit Event relating to a series of Credit Linked Notes, a Credit Event may not be triggered unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within 60 calendar days of the occurrence of such potential Credit Event unless an Event Determination Date has already occurred with respect to such event. For Succession Events the look-back period is 90 calendar days and functions similarly. These provisions mean that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date if Auction Settlement is specified as the applicable Settlement Method for a series of Notes in the applicable Final Terms.

##### *Settlement Suspension, Adjustments and Interest Provisions*

The Additional Terms and Conditions for Credit Linked Notes provide that, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the applicable Valuation Date, ISDA publicly announces that the conditions to

convening a Credit Derivatives Determinations Committee to determine the occurrence of a Credit Event have been satisfied, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Valuation Date and any other Credit Linked Condition as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended (such period of suspension, a **Suspension Period**) until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has resolved (a) that a Credit Event has or has not occurred or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determination Committee has made such resolution, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest bearing Credit Linked Notes, the Bank shall be obliged to pay interest calculated in accordance with Notes Condition 4 Provided That:

- (a) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (b) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until after the end of the Suspension Period.

In addition it should be noted that the occurrence of a Credit Event may mean interest ceases to accrue on the Notes with effect from a date on or prior to the occurrence of the Credit Event. This may mean that in some cases no interest is payable on the Notes.

#### *Amendment of Credit Linked Conditions in accordance with the terms of the Notes*

In addition to any amendments the Calculation Agent may make from time to time to the provisions of the Additional Terms and Conditions for Credit Linked Notes in accordance with market convention (described above), the Additional Terms and Conditions for Credit Linked Notes themselves contain certain provisions which permit the Calculation Agent in certain circumstances to make certain adjustments to such Additional Terms and Conditions for Credit Linked Notes. Such adjustments may affect both payments made to Noteholders under the Notes and the timing of any such payments.

#### *Emerging Market Adjustment/Termination Events*

If "Emerging Market Adjustment/Termination Events" is specified as applicable in the applicable Final Terms and an Emerging Market Adjustment/Termination Event occurs then the terms of the Notes may be adjusted or the Notes redeemed at the Emerging Market Termination Amount. Any applicable Emerging Market Adjustment/Termination Events will be specified in the applicable Final Terms and may be, in summary, circumstances that:

- (a) make it impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any reference investor (i) to convert the designated relevant currency into the specified currency for payments in respect of the Notes through customary legal channels; or (ii) to effect currency transactions on terms as favourable as those available to residents of the specified reference jurisdiction; or (iii) to freely and unconditionally transfer or repatriate any funds in the designated relevant currency or specified currency from accounts inside the reference jurisdiction to accounts outside the reference jurisdiction or between accounts inside the reference jurisdiction; or (iv) to receive the full value of any cash payment (when converted to the specified currency) made under any Obligation(s) or Deliverable Obligation(s) due to the introduction by any governmental authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations, in each case when compared to the position on the specified trade date (being an "inconvertibility event");
- (b) make it impossible, illegal or impracticable or otherwise have the effect of prohibiting, restricting or materially delaying the ability of any reference investor owning or selling any Obligation(s) or Deliverable Obligation(s) (being an "ownership restriction event");



- (c) mean that any custodian that may be utilised by a reference investor in relation to holding of an Obligation or Deliverable Obligation is or may become bankrupt (or certain analogous events occur) or breaches any applicable custody agreement (whether by non-performance of any obligations thereunder in a timely manner or at all, or by taking any action contrary to the terms thereof), which breach results in the Bank being unable, or incurring increased costs in, performing any of its obligations under the Notes (being a "settlement/custodial event");
- (d) impose or modify taxes, charges, fees, levies, imposts, duties, charges, assessments or fees levied by a specified reference jurisdiction on (i) any payment, proceeds or gain under an Obligation or Deliverable Obligation, (ii) certain spot currency transactions or (iii) remittance of the specified relevant currency outside in the reference jurisdiction, following a change in law or interpretation of it (being a "taxation event"); or
- (e) any other event specified as an Emerging Market Adjustment/Termination Event in the applicable Final Terms.

Investors should note that any such adjustments shall be determined by the Calculation Agent and may include (but are not limited to) (a) payments in respect of the Notes being made in the designated relevant currency rather than the original specified currency for payments in respect of the Notes; (b) deduction of an amount equal to any tax, levy, impost, duty, charge, assessment or fee arising pursuant to a Taxation Event from the relevant payment due under the Notes; and/or (c) non-payment of any amount due under the Notes until the relevant restrictions are lifted. Any such adjustments could result in a materially different redemption of the Notes to that originally anticipated.

If the Notes are redeemed early, the Emerging Market Termination Amount may be less than an investor's original investment in the Notes and may be substantially less than that original investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Bank has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Bank may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Bank converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Bank converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

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

#### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

### *Modification*

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

The conditions of the Notes also provide that the Fiscal Agent may, without the consent of Noteholders, agree to any modification of the Notes which is (1) not prejudicial, as determined by the Bank, to the interests of the Noteholders or (2) is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

### *Illegality of Notes*

If the Bank determines that the performance of its obligations under the Notes has or will become illegal in whole or in part for any reason, the Bank may redeem the Notes.

If, in the case of illegality and to the extent permitted by applicable law, the Bank redeems the Notes, then the Bank will redeem each Note at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the Interest Period End Date coinciding with or immediately preceding the date of redemption, which may be less than the purchase price of the Notes and may in certain circumstances be zero.

### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

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

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

### *Legislation Affecting Dividend Equivalent Payments*

The United States Hiring Incentives to Restore Employment Act (the Act) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the Act, such payments generally would be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the U.S. Internal Revenue Service (**IRS**) to be substantially similar to a payment described in the preceding clauses (i) and (ii). Beginning January 1, 2013, a dividend equivalent payment includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to 30% U.S. withholding tax that may be reduced by an applicable tax treaty provided that the beneficial owner timely claims a credit or

refund from the IRS. If withholding is so required, the Bank will not be required to pay any additional amounts with respect to amounts so withheld.

#### *U.S. Foreign Account Tax Compliance Withholding*

The Bank and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31st December, 2016 in respect of (i) any Notes treated as debt for U.S. federal tax purposes that are issued after 31st December, 2012 or are materially modified from that date and (ii) any Notes treated as equity for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Bank is a foreign financial institution (**FFI**) (as defined in FATCA) that enters into and complies with an agreement with IRS to provide certain information on its account holders (making the Bank a Participating FFI), (ii) the Bank has a positive "passthru payment percentage" (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Bank nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued after 31st December 2012, (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a Supplement to the Information Memorandum, as applicable.

#### *No gross-up*

Under the terms and conditions of the Notes, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes is required by law, in which case such deduction will be made by or on behalf of the Bank.

In the event that any such withholding or deduction is required by law, the terms and conditions of the Notes do not require the Bank to pay any additional amounts in respect of such withholding or deduction.

#### *Change of law*

The conditions of the Notes are based on English law or, where indicated, Swedish law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English and/or Swedish law or administrative practice after the date of this Information Memorandum.

#### *Notes where denominations involve integral multiples: definitive Notes*

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

### ***Risks related to the market generally***

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

#### *The secondary market generally*

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

These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Information Memorandum and may deteriorate further and without notice), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Reference Items or the assets of the Bank.

#### *Exchange rate risks and exchange controls*

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

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

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings may not reflect all risks*

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

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Information Memorandum and have been filed with the Financial Services Authority shall be deemed to be incorporated in, and to form part of, this document:

- (1) the audited consolidated and non-consolidated financial statements (including the auditors' report thereon and the notes thereto) of the Bank in respect of the financial year ended 31st December, 2011, as set out in the Bank's annual report for 2011 (the **2011 Annual Report**) on pages 71 to 151, inclusive; and
- (2) the audited consolidated and non-consolidated financial statements (including the auditors' report thereon and the notes thereto) of the Bank in respect of the financial year ended 31st December, 2010, as set out in the Bank's annual report for 2010 on pages 73 to 151, inclusive.

It should be noted that the Original 2010 Financial Statements have not been restated to reflect the sale of Retail Ukraine. It should also be noted that the Original 2010 Financial Statements are no longer current as IFRS 5 requires the effects of the sale of Retail Ukraine to be reflected on a retrospective basis. To reflect the sale of Retail Ukraine, reference should be made to the Restated 2010 Financial Statements and not the Original 2010 Financial Statements.

The Original 2010 Financial Statements are not fully comparable with the 2011 Financial Statements. Reference should be made to the Restated 2010 Financial Statements for current financial information for the year ended 31st December, 2010 prepared in accordance with IFRS.

The Original 2010 Financial Statements should be read together with the Restated 2010 Financial Statements.

- (3) the section entitled "Market Risk" set out on pages 46 to 47 (inclusive) of the 2011 Annual Report;
- (4) the unaudited consolidated and non-consolidated interim financial statements of the Bank (including the auditors' limited review report thereon) as of and for the three months ended 31st March, 2012 (set out on pages 6 to 29 (inclusive) of the Bank's interim report entitled "Interim report January-March 2012") (the **Interim Report**);
- (5) the section entitled "Market Risk" set out on page 27 of the Bank's publication entitled "Fact Book January – March 2012"; and
- (6) solely for the purposes of any issues of Notes which are expressed to be consolidated and form a single series with a Tranche of Notes issued in earlier Information Memoranda published by the Bank, the terms and conditions from each of the following Information Memoranda relating to the Bank's Global Programme for the Continuous Issuance of Medium Term Notes, Capital Contribution Securities and Covered Bonds and published by the Bank:
  - (i) Information Memorandum dated 5th July, 2005;
  - (ii) Information Memorandum dated 15th June, 2006;
  - (iii) Information Memorandum dated 11th May, 2007;
  - (iv) Information Memorandum dated 2nd November 2007;
  - (v) Information Memorandum dated 27th June, 2008;
  - (vi) Information Memorandum dated 29th June, 2009;
  - (vii) Information Memorandum dated 18th June, 2010; and
  - (viii) Information Memorandum dated 20th June, 2011.

Following the publication of this Information Memorandum a supplement may be prepared by the Bank and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference in

this Information Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum can be obtained free of charge from The Investor Relations Department of Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm. Requests for such documents should be directed to the Bank at its office set out above. In addition, such documents will be available from the principal office in England of Citibank, N.A., London Branch for Notes admitted to the Official List.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Information Memorandum.

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

## DESCRIPTION OF THE NOTES TO BE ISSUED UNDER THE PROGRAMME

|                             |  |
|-----------------------------|--|
| <b>Form of Notes:</b>       | Notes, other than VP System Notes, will be issued in bearer form and may also be issued in new global note (NGN) form. VP System Notes will be issued in uncertificated and dematerialised book entry form cleared through the VP System specified in the applicable Final Terms.  |
| <b>Types of Notes:</b>      | Notes of any kind may be issued, including, but not limited to Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes, Credit Linked Notes and Dual Currency Notes.   |
| <b>Currencies:</b>          | Notes may be denominated in any currency or currencies (including, without limitation, euro ( <b>euro</b> ), Japanese Yen ( <b>JPY</b> ), Pounds Sterling ( <b>GBP</b> ), Swiss Francs ( <b>CHF</b> ) and United States Dollars ( <b>USD</b> )) subject to compliance with all applicable legal and/or regulatory requirements. Payments in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.   |
| <b>Issuance in Series:</b>  | Notes will be issued in series (each a <b>Series</b> ). The Notes of each Series will all be subject to identical terms, whether as to currency, denomination, interest or maturity or otherwise.  |
| <b>Status of the Notes:</b> | The Notes will constitute unsecured and unsubordinated obligations of the Bank and will rank <i>pari passu</i> without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Bank, present and future, but (in the event of insolvency) only to the extent permitted by laws relating to creditors' rights.   |
| <b>Issue Price:</b>         | Notes may be issued at par or at a discount or premium to par.   |
| <b>Maturities:</b>          | Any maturity in excess of one month, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory requirements.  |
| <b>Redemption:</b>          | Notes may be redeemable at par or at such other redemption amount (calculated by reference to a specified Reference Item(s), detailed in a formula or otherwise) as may be specified in the applicable Final Terms.  |
| <b>Interest:</b>            | Notes may be interest-bearing or non-interest bearing.<br><br>Interest (if any) may accrue at a fixed or floating rate, a rate calculated by reference to a specified Reference Item(s) or at such other rate (detailed in a formula or otherwise) as may be specified in the applicable Final Terms and may vary during the lifetime of the relevant Series.  |
| <b>Denominations:</b>       | Notes will be issued in such denominations as may be specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). |
| <b>Early Redemption:</b>    | Early redemption for Notes will be permitted for taxation reasons as described in Condition 5.02 or on the occurrence of an illegality as described in Condition 5.07, but will otherwise be permitted only to the extent specified in the applicable Final Terms.   |

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|---|--|
| <b>Redenomination:</b>                      | The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination will be set out in full in the applicable Final Terms.   |
| <b>Taxation:</b>                            | Payments in respect of Notes will be made by the Bank without withholding or deduction in respect of taxes for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or, if such taxes are required to be withheld or deducted, will be made subject to such prior withholding or deduction.  |
| <b>Governing Law:</b>                       | The Notes, the Fiscal Agency Agreement, the Dealership Agreement, the Deed of Covenant (as defined under “ <i>Terms and Conditions of the Notes</i> ”) and any non-contractual obligations arising out of or in respect of the Notes, the Dealership Agreement and the Fiscal Agency Agreement will be governed by, and construed in accordance with, English law, with the exception that the registration of VP System Notes in the VP System shall be governed by, and shall be construed in accordance with, the law of the jurisdiction of the VP System. |
| <b>Rating:</b>                              | <p>The rating of the Notes to be issued under the Programme will be specified in the applicable Final Terms.</p> <p>Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/ 2009 will be disclosed in the Final Terms.</p>   |
| <b>Listing and admission to trading:</b>    | Application has been made to the UK Listing Authority for Notes issued under the Programme up to the expiry of 12 months from the date of this Information Memorandum to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange’s regulated market.   |
| <b>Terms and Conditions:</b>                | The Terms and Conditions applicable to each Series will be as agreed between the Bank and the relevant Dealer or other purchaser at or prior to the time of issuance of such Series, and will be specified in the applicable Final Terms. The Terms and Conditions applicable to each Series will therefore be those set out herein as supplemented, modified or replaced by the applicable Final Terms.   |
| <b>Enforcement of Notes in Global Form:</b> | In the case of Notes in global form, individual investors’ rights will be governed by the Deed of Covenant, a copy of which will be available for inspection at the office of Citibank, N.A., London Branch at 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.  |
| <b>Selling Restrictions:</b>                | For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area (including the United Kingdom) and Japan, see “ <i>Subscription and Sale</i> ”.  |



## FORM OF THE NOTES

*Terms used but not defined herein shall have the same meaning as ascribed to them in the “Terms and Conditions of the Notes”.*

Other than in the case of VP System Notes, the Notes of each Tranche will be in bearer form and will be initially represented by a Temporary Global Note without receipts, interest coupons (**Coupons**) or talons, which will:

- (i) if the Global Notes (as defined below) are intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg.

While any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the 40th day after the later of the date of issue of the relevant Notes and the completion of the distribution of such Notes of each Series (the **Distribution Compliance Period**) will be made (against presentation of the Temporary Global Instrument, if the Temporary Global Instrument is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interest in such Note are not within the United States or its possessions or are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent.

On the expiry of the Distribution Compliance Period, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Global Note (together with the Temporary Global Notes, **Global Notes**) without receipts, interest coupons or talons or for definitive Notes with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless a Permanent Global Note or definitive Note have not been issued in exchange for the Temporary Global Note in accordance with their terms.

In the case of a Permanent Global Note, payments of principal and interest (if any) on the Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. Unless otherwise specified in the applicable Final Terms, a Global Note will only be exchangeable (free of charge), in whole but not in part for Definitive Notes with, where applicable, receipts, interest coupons and talons attached in the circumstances specified in Condition 1 of the Terms and Conditions.

Pursuant to the Fiscal Agency Agreement (as defined under “*Terms and Conditions of the Notes*”) the Fiscal Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall not be assigned (where applicable) a common code and an ISIN number assigned to Notes of any other Tranche of the same Series until the relevant Tranches are consolidated and form a single Series.

All Notes, other than VP System Notes, will be issued pursuant to the Fiscal Agency Agreement. VP System Notes will be issued pursuant to the VP System Agency Agreement specified in the applicable Final Terms and the relevant legislation governing the VP System through which they are cleared.

For so long as any of the Notes is represented by a Global Note deposited with a common depository or a common safekeeper for Euroclear and Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as entitled to a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes for which purpose such common depository or common safekeeper shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note and the Fiscal Agency Agreement (and the expression **Noteholder** and related expressions shall be construed accordingly).

The following legend will appear on all Global Notes, definitive Notes, receipts and Coupons:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations in Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1986, as amended.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or Coupons.

Any reference in this section “*Form of the Notes*” to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits except in relation to Notes issued in NGN form, be deemed to include a reference to any additional or alternative clearing system approved by the Bank, the relevant Dealer and the Fiscal Agent.

VP System Notes will be issued in uncertificated and dematerialised book entry form cleared through the VP System specified in the applicable Final Terms.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which (subject to completion and amendment) will be applicable to each Series of Notes provided that the applicable Final Terms in relation to any Series of Notes may specify other Terms and Conditions (including the Additional Terms and Conditions described below) which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify the following Terms and Conditions for the purposes of such Series of Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note:*

*The Additional Terms and Conditions contained in Annex 1 will apply to the Notes if VP System Notes are specified as applicable in the applicable Final Terms.*

*The Additional Terms and Conditions contained in Annex 2 in the case of Index Linked Notes, Annex 3 in the case of Equity Linked Notes, Annex 4 in the case of Currency Linked Notes, Annex 5 in the case of Commodity Linked Notes, Annex 6 in the case of Fund Linked Notes and Annex 7 in the case of Credit Linked Notes (each as defined below) will apply to the Notes if specified in the applicable Final Terms.*

This Note is one of a Series (as defined below) of Notes issued by Skandinaviska Enskilda Banken AB (publ) (the **Bank**) in accordance with a fiscal agency agreement (the **Fiscal Agency Agreement**, which expression shall include any amendments or supplements thereto) dated 22 June, 2012 made between the Bank, Citibank, N.A., London Branch in its capacity as fiscal agent (the **Fiscal Agent**, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such) and certain other financial institutions named therein in their capacities as paying agents (the **Paying Agents**, which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement).

References herein to the **Notes** shall, except where the context otherwise requires, be references to the Notes of this Series and shall mean:

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

The Notes are the subject of a set of final terms (the **applicable Final Terms**) prepared by or on behalf of the Bank a copy of which is available for inspection at the specified office of the Fiscal Agent.

The applicable Final Terms (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Terms and Conditions** or **Conditions**, which term shall include the additional terms and conditions set out in Annex 1 if VP System Notes are specified as applicable in the applicable Final Terms and/or the additional terms and conditions set out in Annexes 2, 3, 4, 5, 6 and 7, in each case, if specified as applicable in the applicable Final Terms) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the Notes.

Words and expressions defined in the Fiscal Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Fiscal Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

Any reference to **Noteholders** or **Holders** in relation to the Notes shall mean (if this Note forms part of a Series of Notes) the bearers of the Notes and shall, if the Notes are represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts (as defined below) and any reference herein to **Couponholders** shall mean the holders of the Coupons (as defined below) and shall, unless the context otherwise requires, include the holders of the Talons (as defined below).

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 22 June, 2012 and made by the Bank. The original of the Deed of Covenant is

held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden and copies may be obtained from Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Fiscal Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement.

In these Terms and Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## 1. Form and Denomination

**1.01** Notes are issued in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Currency Linked Interest Note, Commodity Linked Interest Note or a Fund Linked Interest Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Instalment Note, a Dual Currency Redemption Note (together with Dual Currency Interest Notes, **Dual Currency Notes**), an Index Linked Redemption Note (together with Index Linked Interest Notes, **Index Linked Notes**), an Equity Linked Redemption Note (together with Equity Linked Interest Notes, **Equity Linked Notes**), which expression shall include GDR/ADR Linked Note), a Currency Linked Redemption Note (together with Currency Linked Interest Notes, **Currency Linked Notes**), a Commodity Linked Redemption Note (together with Commodity Linked Interest Notes, **Commodity Linked Notes**), a Fund Linked Redemption Note (together with Fund Linked Interest Notes, **Fund Linked Notes**), a Credit Linked Redemption Note (a **Credit Linked Note**) or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Final Terms. Each of an Index Linked Note, an Equity Linked Note, a Currency Linked Note, a Commodity Linked Note, a Fund Linked Note and a Credit Linked Note or a combination of any of the foregoing will be a **Reference Item Linked Note**, depending upon the Redemption/ Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

**1.02** Notes are represented upon issue either (a) if so specified in the applicable Final Terms, by a temporary global note (a **Temporary Global Note**) or (b) if so specified in the applicable Final Terms, by a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, the **Global Notes**), in each case in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement. In the case of Notes represented on issue by a Temporary Global Note, on or after the date (the **Exchange Date**) which is 40 days after the date of issue of the Notes and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in the form set out in the Temporary Global Note) has been received, interests in the Temporary Global Note may be exchanged for either:

- (i) if so specified in the applicable Final Terms, interests in a Permanent Global Note; or
- (ii) if so specified in the applicable Final Terms, definitive Notes in substantially the form (subject to amendment and completion) scheduled to the Fiscal Agency Agreement.

**1.03** If any date on which a payment of interest is due on the Notes occurs whilst any of the Notes are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations has been received by Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Payments of principal or interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg without any requirement for certification.

**1.04** Interests in a Permanent Global Note will, as specified in the applicable Final Terms, be exchangeable for definitive Notes in whole (but not in part only) at the option of the holders of interests in such Permanent Global Note.

If default is made by the Bank in (i) payment of principal to the bearer or (ii) the required delivery of definitive Notes and such default is continuing at 6.00 p.m. (London time) on the seventh (in the case of (i) above) or the thirtieth (in the case of (ii) above) day after the day on which such payment or delivery (as the case may be) was first due to be made, the Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear or Clearstream, Luxembourg under the Deed of Covenant.

**1.05** Interest-bearing definitive Notes will 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 applicable Final Terms, have attached thereto at the time of their initial delivery talons for further Coupons (**Talons**). Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments will have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

## **2. Title**

**2.01** Subject as set out below, title to Notes, Receipts and Coupons passes by delivery.

**2.02** The Holder of any Note, Receipt or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held by or on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Bank and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Bank and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **Holder** and related expressions shall be construed accordingly.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

## **3. Status of the Notes**

The Notes constitute unsecured and unsubordinated obligations of the Bank and rank *pari passu* without any preference among themselves with all other outstanding unsecured and unsubordinated obligations of the Bank, present and future, but (in the event of insolvency) only to the extent permitted by laws relating to creditors' rights.

## **4. Interest**

### **4A. Interest — Fixed Rate**

If the Notes are specified in the applicable Final Terms as being Fixed Rate Notes, the Notes shall bear interest on their outstanding nominal amount from and including the Interest Commencement Date at the rate or rates per annum equal to the Rate(s) of Interest. Such interest will be payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date. For so long as any of the Fixed Rate Notes are represented by a Global Note, interest will be calculated on the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note. In respect of each Fixed Rate Note in definitive form, interest will be calculated on its outstanding nominal amount.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In this Condition 4A, **Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4A:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the number of days in the Accrual Period is longer than the Determination Period during which the Accrual Periods ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a 360-day year consisting of 12 months of 30 days each) divided by 360.

In these Terms and Conditions:

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date; and

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

**4B.** *Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes and Fund Linked Interest Notes*

**4B.01** *Interest Payment Dates*

If the Notes are specified in the applicable Final Terms as being Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes, the Notes shall bear interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on each Interest Payment Date (each an **Interest Payment Date**) specified in the applicable Final Terms immediately following or coinciding with an Interest End Date. Each Interest Period End Date will be either:

- (i) the Specified Interest Period End Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no express Specified Interest Period End Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Period End Date, an **Interest Period End Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date). For so long as any of the Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes are represented by a Global Note, interest will be calculated on the aggregate outstanding nominal amount of the Notes represented by such Global Note. In respect of each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes in definitive form, interest will be calculated on its outstanding nominal amount.

If a Business Day Convention is specified in the applicable Final Terms and (a) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date should occur or (b) if any Interest Period End Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with paragraph (ii) above, the Floating Rate Convention, such Interest Period End Date (I) in the case of (a) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (II) in the case of (b) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Period End Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Period End Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Period End Date occurred; or
- (2) the Following Business Day Convention, such Interest Period End Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Period End Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Period End Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (X) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

(Y) either (aa) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (bb) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

#### **4B.02** *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes and Fund Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

##### (i) *ISDA Determination for Floating Rate Notes*

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

- (a) the Floating Rate Option is as specified in the applicable Final Terms;
- (b) the Designated Maturity is a period specified in the applicable Final Terms; and
- (c) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

##### (ii) *Screen Rate Determination for Floating Rate Notes*

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

- (a) the offered quotation; or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Fiscal Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (a) above, no such offered quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.



If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

**4B.03** If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4B.02 is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

**4B.04** If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4B.02 is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**4B.05** The Fiscal Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes and Fund Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

In the case of Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes and Fund Linked Interest Notes, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes and Fund Linked Interest Notes, will calculate the amount of interest (the **Interest Amount**) payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Currency Linked Interest Note, Commodity Linked Interest Note or Fund Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Fiscal Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

In this Condition 4B.05, **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Period End Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

Where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**4B.06** The Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bank and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

**4B.07** All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Bank, the Noteholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **4C. Interest — Dual Currency Interest**

In the case of Dual Currency Interest Notes, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

#### **4D. Interest — Continued Accrual**

Each Note (or in the case of the redemption of part only of an Note, that part only of such Note) will cease to bear interest (if any) from the Interest Period End Date coinciding with or immediately preceding the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13,

Provided That if Annex 7 - Additional Terms and Conditions for Credit Linked Notes applies in respect of the Notes:

- (A) if:

- (I) "Accrual of Interest upon Credit Event" is specified as "Not Applicable" in the applicable Final Terms, each Note shall cease to bear interest from the Interest Period End Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Period End Date such Interest Period End Date (but, for the avoidance of doubt, the amount of interest in respect of the Interest Period ending on but excluding such date will still be payable on the related Interest Payment Date) or, if the Credit Event Determination Date falls prior to the first Interest Period End Date, no interest shall accrue on the Notes; or
  - (II) "Accrual of Interest upon Credit Event" is specified as being "Applicable" in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and
- (B) if:
- (I) Credit Linked Condition 6, Credit Linked Condition 7 or Credit Linked Condition 8 applies in respect of the Notes and, in the case of Credit Linked Condition 6, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 7, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Credit Linked Condition 8, a Credit Event has not occurred on or prior to the DC Cut-off Date, as the case may be; and/or
  - (II) Credit Linked Condition 9 applies in respect of the Notes and Conditions to Settlement or the Repudiation/Moratorium Extension Condition, as applicable, are not satisfied on or prior to the Postponement Date,
- then interest will accrue as provided in Credit Linked Condition 6, Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9, as the case may be.

## **5. Redemption and Purchase**

### *Redemption at Maturity*

**5.01** Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed by the Bank at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### *Early Redemption for Taxation Reasons*

**5.02** If, as a result of any change in or amendment to applicable law (which change or amendment occurs after the Issue Date of the first Tranche of the Notes), the Bank determines that it would, on the occasion of the next payment in respect of the Notes, be required to make any payment under the Notes subject to the withholding or deduction of any amounts in accordance with Condition 7, then the Bank may, upon the expiry of the appropriate notice, redeem the Notes in whole, but not in part, at any time (if this Note is not a Floating Rate Note, a Dual Currency Interest Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note or a Fund Linked Interest Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, a Dual Currency Interest Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note or a Fund Linked Interest Note). Each Note so redeemed will be redeemed at the Early Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the Interest Period End Date coinciding with or immediately preceding the date of redemption.

### *Optional Early Redemption (Issuer Call)*

**5.03** If Issuer Call is specified in the applicable Final Terms, then the Bank may, upon the expiry of the appropriate notice and subject to such conditions as may be specified in the applicable Final Terms, redeem all (but not, unless and to the extent that the applicable Final Terms specifies otherwise, some only), of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or

determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

**5.04** The appropriate notice referred to in Conditions 5.02 and 5.03 is a notice given by the Bank to the Fiscal Agent and the Holders of the Notes, which notice shall be signed by two duly authorised officers of the Bank and shall specify:

- (i) the Series of Notes subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate nominal amount of the Notes which are to be redeemed; and
- (iii) the due date for such redemption, which shall be a Business Day which is not more than sixty days and not less than thirty days (or such lesser period as may be specified in the applicable Final Terms) after the date on which such notice is validly given and which is (in the case of Floating Rate Notes, Dual Currency Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes or Fund Linked Interest Notes) an Interest Payment Date.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Bank to make the redemption therein specified.

#### *Partial Redemption*

**5.05** If the Notes are to be redeemed in part only on any date in accordance with Condition 5.03:

- (i) such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount;
- (ii) in the case of definitive Notes, the Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the requirements of any stock exchange, listing authority and/or quotation system on which the Notes may be listed, traded and/or quoted; and
- (iii) in the case of Notes represented by one or more Global Notes, the Notes shall be redeemed in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

#### *Optional Early Redemption (Investor Put)*

**5.06** If Investor Put is specified in the applicable Final Terms, then upon the holder of any Note giving to the Bank in accordance with Condition 13 not less than 15 nor more than 30 days' notice the Bank will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Interest Period End Date coinciding with or immediately preceding the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If a Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of such Note the Holder of such Note must deliver the Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a Put Notice) and in which the Holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and accompanied by the relevant Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control. If such Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the Holder of such Note, must within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear

or Clearstream, Luxembourg or any common depositary for them to the Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice given by a Holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Holder, at its option, may elect by notice to the Bank to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 6.

#### *Early Redemption for Illegality*

**5.07** In the event that the Bank determines in good faith that the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Bank having given not less than 10 nor more than 30 days' notice to Noteholders in accordance with Condition 13 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount, together (if appropriate) with interest accrued to (but excluding) the Interest Period End Date coinciding with or immediately preceding the date of redemption.

#### *Early Redemption Amounts*

**5.08** For the purpose of Condition 5.02 and 5.07 above and Condition 6, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of an Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of an Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the Interest Period End Date coinciding with or immediately preceding the date fixed for redemption or (as the case may be) the Interest Period End Date coinciding with or immediately preceding the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms; or

- (iv) in the case of Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes or Credit Linked Notes, the Early Redemption Amount in respect of each nominal amount of such Notes equal to the Calculation Amount will be set out in the applicable Final Terms.

If "**Market Value less Associated Costs**" is specified as the Early Redemption Amount in the applicable Final Terms, the Early Redemption Amount in respect of each nominal amount of Notes equal to the Calculation Amount shall be an amount determined by the Calculation Agent, which on (i) in the case of redemption other than pursuant to Condition 6, the second Business Day immediately preceding the due date for the early redemption of the Notes or (ii) in the case of

redemption pursuant to Condition 6, the due date for the early redemption of such Notes, represents the fair market value of such Notes (taking into account all factors which the Calculation Agent determines relevant) less Associated Costs, and Provided That in determining such fair market value, no account shall be taken of the financial condition of the Bank which shall be presumed to be able to perform fully its obligations in respect of the Notes.

As used herein:

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity; and

**Associated Costs** means an amount (which may not be less than zero), per nominal amount of the Notes equal to the Calculation Amount, equal to such Notes' pro rata share of the total amount of any and all costs and losses associated with or incurred by the Bank and/or any Affiliate in connection with such early redemption, including, without limitation, any costs and losses associated with or incurred by the Bank and/or any Affiliate in connection with unwinding any funding relating to the Notes and/ any hedge positions (including without limitation, any derivative transactions) relating to or entered into in connection with the Notes, all as determined by the Calculation Agent in its sole discretion.

#### *Instalments*

**5.09** Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5.07.

#### *Purchase of Notes*

**5.10** The Bank may at any time purchase Notes in the open market or otherwise and at any price provided that all (if any) unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith.

#### *Cancellation of Redeemed and Purchased Notes*

**5.11** All unmatured Notes redeemed or purchased in accordance with this Condition 5 and all unmatured Receipts, Coupons and Talons attached thereto or surrendered or purchased therewith will be cancelled and may not be reissued or resold. References in this Condition 5 to the purchase of Notes by the Bank shall not include the purchase of Notes in the ordinary course of business of dealing in securities or the purchase of Notes otherwise than as beneficial owner.

#### *Late payment on Zero Coupon Notes*

**5.12** If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5.01, 5.02, 5.03 or 5.06 above or upon its becoming due and repayable as provided in Condition 6 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5.08(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## **6. Events of Default**

**6.01** Unless otherwise specified in the applicable Final Terms, the following events or circumstances (each an **Event of Default**) shall be events of default in relation to the Notes, namely:

- (i) the Bank shall default in the payment of principal or other redemption amount in respect of any Note for a period of seven days or of any interest in respect of any Note for a period of 30 days, in each case when and as the same ought to be paid; or
- (ii) a court or agency or supervisory authority in the Kingdom of Sweden having jurisdiction in respect of the same shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Bank or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or
- (iii) the Bank shall file a petition to take advantage of any insolvency statute or shall voluntarily suspend payment of its obligations; or
- (iv) default shall be made by the Bank in the performance or observance of any obligation, condition or provision binding on it under the Notes and, except where such default is not capable of remedy (in which case no such notice or continuation as is hereinafter referred to will be required), such default shall continue for thirty days after written notice thereof has been given by the holder of any Note to the Bank requiring the same to be remedied.

**6.02** If any Event of Default shall occur and be continuing in relation to any Notes, then the Holder thereof shall be entitled to give notice to the Bank that such Note is immediately redeemable, whereupon the Bank shall immediately redeem such Note at its Early Redemption Amount together with accrued interest (if any) to (but excluding) the Interest Period End Date coinciding with or immediately preceding the date of repayment.

## **7. Taxation**

**7.01** All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law.

In such event, the Bank (or as the case may be, the relevant Paying Agent) will make such payment after the withholding or deduction of such taxes or duties, shall account to the relevant authorities for the amount required to be withheld or deducted and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons.

**7.02** Any reference in these Terms and Conditions to principal and/or interest in respect of the Notes shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Notes;
- (ii) the Early Redemption Amount of the Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes;
- (iv) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts which may be payable by the Bank under or in respect of the Notes.



## 8. Payments

8.01 Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the Code) or pursuant to an agreement described in or Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

8.02 Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 8.01 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the **United States** (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 8.01 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 8.01 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Bank. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes, Credit Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined under Condition 9 below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note, Equity Linked Note, Currency Linked Note, Commodity Linked Note, Fund Linked Note, Credit Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon

provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

**8.03** Payments of principal and interest (if any) in respect of Notes represented by a Global Note will (subject as provided below) be made in the manner specified in Conditions 8.01 and 8.02 in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

**8.04** Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/ or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/ or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Bank has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Bank, adverse tax consequences to the Bank.

**8.05** The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Bank will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Bank to, or to the order of, the holder of such Global Note.

**8.06** If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (a) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (b) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## **9. Prescription**

**9.01** Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

As used herein, **Relevant Date** means, in respect of any payment, the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

**9.02** There shall not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.02 or any Talon which would be void pursuant to Condition 8.02.

## **10. The Paying Agents**

The initial Paying Agents and their respective initial specified offices are specified below. The Bank reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) and to appoint additional or other Paying Agents provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent with a specified office in continental Europe (but outside the United Kingdom), (iii) a Paying Agent in a Member State (if any) of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive and (iv) so long as any Notes are listed on any stock exchange, a Paying Agent with a specified office in such place as may be required by the rules and regulations of such stock exchange and any other relevant authority. The Paying Agents reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents will be notified promptly to the Holders.

In addition, the Bank shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8.04. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or, from the effective date of withholding on "passthru payments", where the Paying Agent is a "foreign financial institution" as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof and does not become, or ceases to be, a "participating foreign financial institution" as from the effective date of withholding on "passthru payments" (as such terms are defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof).

In acting under the Fiscal Agency Agreement, the Paying Agents act solely as agents of the Bank and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Fiscal Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **11. Replacement of Notes**

If any Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and the requirements of any stock exchange, listing authority and/or quotation system on which the relevant Notes are listed, traded and/or quoted upon payment by the claimant of all expenses incurred in such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Bank and the Fiscal Agent may require. Mutilated or defaced Notes, Receipts, Coupons and Talons must be surrendered before replacements will be delivered therefor.

## **12. Meetings of Holders and Modification**

The Fiscal Agency Agreement contains provisions, which are binding on the Bank and the Holders of Notes, Receipts and Coupons, for convening meetings of the Holders of the Notes to consider matters affecting their interests, including the modification or waiver of the Terms and Conditions applicable to the Notes.

The Fiscal Agent and the Bank may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification of the Notes, the Receipts, the Coupons or the Fiscal Agency Agreement which is not prejudicial, as to be determined by the Bank, to the interests of the Noteholders; or

- (ii) any modification of the Notes, the Receipts, the Coupons or the Fiscal Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

### **13. Notices**

#### *To Holders of Notes*

**13.01** Notices to Holders of Notes will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or if such publication is not practicable, if published in a leading English-language newspaper having general circulation in Europe or, in the case of a Global Note, if delivered to Euroclear and Clearstream, Luxembourg for communication by them to the persons shown in their respective records as having interests therein and otherwise if given in compliance with the requirements of each stock exchange, listing authority and/or quotation system on which the Notes are listed, admitted to trading and/or quoted. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of first such publication) or, as the case may be, on the fourth day after the date of such delivery.

#### *To the Bank*

**13.02** Notices to the Bank will be deemed to be validly given if delivered at Kungsträdgårdsgatan 8, SE-106 40 Stockholm and clearly marked on their exterior “Urgent — Attention: SEB Group Treasury Operations” (or at such other address and for such other attention as may have been notified to the Holders of the Notes in accordance with this Condition 13) and will be deemed to have been validly given at the opening of business on the next day on which the Bank’s principal office is open for business.

### **14. Further Issues**

The Bank may from time to time without the consent of the Holders create and issue further notes, bonds or debentures having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them) so as to form a single series with the outstanding Notes.

### **15. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **16. Governing Law and Jurisdiction**

**16.01** The Notes, the Fiscal Agency Agreement, the Deed of Covenant and any non-contractual obligations arising out of or in respect of the Notes and the Fiscal Agency Agreement are governed by, and shall be construed in accordance with, English law.

**16.02** The Bank irrevocably agrees for the benefit of the Holders of the Notes that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes (respectively, **Proceedings** and **Disputes**), which may arise out of or in connection with the Notes (including any Proceedings or Disputes relating to any non-contractual obligations arising out of or in connection with the Notes) and, for such purposes, irrevocably submits to the jurisdiction of such courts. The Bank irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum. The Bank agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to it at its London branch at Scandinavian House, 2-6 Cannon Street, London EC4M 6XX. In the event of the Bank’s London branch ceasing so to act or ceasing to be registered in England, it shall forthwith appoint a person in England to accept service of process on its behalf in England and notify the name and address of such person to the Holders in accordance with Condition 13. Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The

submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Holders or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

**17. Third Parties**

No person shall have any right to enforce any term or condition of any Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## ANNEX 1

### ADDITIONAL TERMS AND CONDITIONS FOR VP SYSTEM NOTES

*The Notes will not be evidenced by any physical note or document of title other than statements of account made by the VP System (as defined below). Ownership of the Notes will be recorded and transfer effected only through the book entry system and register maintained by the VP System.*

#### UNCERTIFICATED NOTES

##### *General Provisions*

**1.01** If specified as applicable in the applicable Final Terms, the additional terms and conditions set out below (the **VP System Terms and Conditions**) shall supplement and modify the base terms and conditions of the Notes (the **Base Conditions**), subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Base Conditions and these VP System Terms and Conditions, these VP System Terms and Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or these VP System Terms and Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. Notes to which these Additional Terms and Conditions are specified to apply are **VP System Notes**. **VP System** is as specified in the applicable Final Terms.

**1.02** The Notes shall be issued in uncertificated and dematerialised book entry form cleared through the VP System specified in the applicable Final Terms.

References in the Conditions to the **Fiscal Agency Agreement** shall, unless the context otherwise requires, be construed as a reference to the **VP System Agency Agreement** specified in the applicable Final Terms and references to the **Fiscal Agent** shall, unless the context otherwise requires, be construed as a reference to the **VP System Agent** specified in the applicable Final Terms.

In addition, all references to the issuance of Notes in bearer form shall, unless the context otherwise requires, be construed as a reference to the issue of the Notes in dematerialised book entry form and references to Coupons and Talons shall not apply to the Notes. Noteholders shall also not have the benefit of the Deed of Covenant.

Copies of the VP System Agency Agreement are available for inspection during normal business hours at the specified office of the VP System Agent.

##### *Title*

**1.03** Title to the Notes will pass by registration in the registers between the direct or indirect accountholders at the VP System in accordance with the rules and procedures of the VP System. Where a nominee is so evidenced, it shall be treated by the Bank as the Holder of the relevant Note. The Holder of a Note will be the person evidenced as such by a book entry in the records of the VP System. The Notes will not be exchangeable for Notes in bearer form.

##### *Payments*

**1.04** Payments in respect of the Notes shall be made to the Holders shown in the relevant records of the VP System in accordance with and subject to the rules and regulations from time to time governing the VP System and otherwise in accordance with Condition 8.02. No commissions or expenses shall be charged to such Holders in respect of any such payments.

##### *Partial Redemption*

**1.05** If the Notes are to be redeemed in part only on any date in accordance with Condition 5.04, the Notes to be redeemed shall be selected in accordance with the standard procedures of the VP System from time to time.

##### *Optional Early Redemption (Investor Put)*

**1.06** In order to exercise the right to require redemption of a Note under Condition 5.07, a Holder must within the notice period give notice to the VP System Agent of such exercise in accordance with the standard procedures of the VP System from time to time.

*Cancellation of Redeemed and Purchased Notes*

**1.07** All unmatured Notes redeemed or purchased in accordance with Condition 5 shall be deleted from the records of the VP System and cannot be reissued or resold.

*VP System Agent*

**1.08** The Bank shall at all times maintain a VP System Agent authorised to act as an account holding institution with the VP System.

*Meeting of Holders and Modifications*

**1.09** Condition 12 shall not apply to the Notes. Meetings of the Noteholders shall be held in compliance with the relevant regulations of the VP System. The Bank may modify the Notes without the consent of the Holders where the modification is not prejudicial, as determined by the Bank, to the interests of the Noteholders or is of a formal, minor or technical nature or is made to correct a manifest or proven error. Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 13 (including as modified below) as soon as practicable thereafter.

*Notices*

**1.10** Notices to Noteholders shall be given in accordance with the procedures of the VP System and otherwise in accordance with Condition 13.01.

*Governing Law*

**1.11** The Notes, the VP System Agency Agreement and any non-contractual obligations arising out of or in respect of the Notes and the VP System Agency Agreement are governed by, and shall be construed in accordance with, English law, except with respect to the registration of the Notes in the VP System, which shall be governed by, and shall be construed in accordance with, the law of the jurisdiction of the VP System and as otherwise provided in Condition 16.01.

## ANNEX 2

### ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Index Linked Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**) and the Additional Terms and Conditions for Index Linked Notes set out below (the **Index Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the Notes Conditions and/or the Index Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

For the purposes of these Index Linked Conditions:

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price. Provided That, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Index Linked Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that



eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and

- (ii) where the Index Linked Notes relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below,

for the purposes of these Index Linked Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

**Component Security** means, in respect of a Multi-Exchange Index, each component security in such Index.

**Disrupted Day** means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

**Early Closure** means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day,

or (b) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day.

**Exchange** means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**Exchange Business Day** means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

**Index** and **Indices** mean, subject to adjustment in accordance with the Index Linked Conditions, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Closing Level** means, in respect of an Index and subject to these Index Linked Conditions and to the terms of the definitions of "Valuation Date", "Observation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Trigger Event Observation Date" and "Mandatory Early Termination Valuation Date" below and "Averaging Date" above, as the case may be, an amount equal to the official closing level (which shall be deemed to be an amount in the Index Currency) of such

Index as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Final Terms, the Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate.

**Index Level** means, in respect of an Index and a time on a Scheduled Trading Day and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

**Index Performance** means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Determination Date or a Mandatory Early Termination Valuation Date or any other event date described in the applicable Final Terms, as the case may be, an amount (howsoever) expressed determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

**Index Sponsor** means, in relation to an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**Observation Cut-Off Date** means, in respect of each Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Observation Date** means each Observation Date specified in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 4 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date); or
- (b) where the Index Linked Notes relate to a Basket of Indices, that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date and that Observation Date for each Index affected (each an **Affected Index**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not

a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date).

**Observation Period** means the period or periods specified as such in the applicable Final Terms.

**Related Exchange** means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**Scheduled Trading Day** means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of that Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Trading Disruption** means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of

the relevant Index, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

**Valuation Cut-Off Date** means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date or if earlier the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Valuation Date** means each Valuation Date specified in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date); or
- (b) where the Index Linked Notes relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected (each an **Affected Index**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date).

**Valuation Time** means:

- (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time;
- (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or if no Valuation Time is specified (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or
- (c) where the Index Level is to be determined during any period on any Scheduled Trading Day, each relevant time at which the Index Level is so determined.

### **3. Market Disruption**

**Market Disruption Event** means:

- (a) in respect of an Index other than a Multi-Exchange Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, or (iii) an Early Closure; or
- (b) in respect of an Index which is a Multi-Exchange Index either:
  - (i) (A) the occurrence or existence, in respect of any Component Security, of:
    - I. a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded;
    - II. an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded;
  - or

III. an Early Closure; and

- (B) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (A) a Trading Disruption, (B) an Exchange Disruption which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, in respect of any Related Exchange or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at any time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is not a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where that Index is a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

#### 4. Adjustments and Corrections to an Index

- (a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the **Successor Index Sponsor**) acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

- (b) Modification and Cessation of Calculation of an Index

If in the determination of the Calculation Agent (i) on or prior to any date on which any Index valuation or obligation is scheduled to occur the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events) (an **Index Modification**), (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (iii) on any date on which any Index valuation or obligation is scheduled to occur the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and, together with an Index Modification and an Index Calculation, each an **Index Adjustment Event**), then the Bank may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Notes and, if so, calculate the relevant level or price using, in lieu of a published level for that Index, the level for that Index as at the relevant time as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only

those securities that comprised that Index immediately prior to that Index Adjustment Event;  
or

- (B) on giving notice to the Holders in accordance with Notes Condition 13, redeem all (but not some only) of the Notes, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Bank shall give notice as soon as reasonably practicable to the Holders in accordance with Notes Condition 13 giving details of the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Bank shall make available for inspection by Holders copies of any such determinations.

- (c) Corrections to an Index

If the level of a relevant Index published on any Valuation Date, Observation Date, Averaging Date, or any other date for Index valuation or observation, as the case may be, by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Index Linked Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Index Level**) published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Index Level shall be deemed to be the relevant level for such Index on such Averaging Date, Observation Date, Valuation Date, or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price.

## 5. Additional Disruption Events

- (a) **Additional Disruption Event** means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

**Change in Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index or (B) the Bank will incur a materially increased cost in performing its obligations in relation to the Index Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Bank and/or any of its Affiliates.

**Hedging Disruption** means that the Bank and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Bank issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging** means that the Bank and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Bank issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the



deterioration of the creditworthiness of the Bank and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

- (b) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Bank in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event (which may include, without limitation, selecting a replacement Index or Indices in accordance with the Index Replacement Criteria, if any, specified in the applicable Final Terms) and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Notes Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount;
- (c) Upon the occurrence of an Additional Disruption Event, the Bank shall give notice as soon as practicable to the Holders stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

#### **6. Knock-in Event, Knock-out Event**

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment obligations under the Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Knock-in Determination Day** means the date(s) specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Event** is as specified in the applicable Final Terms.

**Knock-in/Knock-out Disrupted Day Adjustments** means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) "Omission", then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-

in Event or a Knock-out Event has occurred, as applicable; Provided That if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or

(ii) "Postponement", then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or

(b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is other than a single time on each relevant day and if on any Knock-in Determination Day, or Knock-out Determination Day, as of any Knock-in Valuation Time or Knock-out Valuation Time, a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the applicable Final Terms as:

(i) "Omission", then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (ii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred at such time Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

**Knock-in Level** means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-in Valuation Time** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-in Determination Day".

**Knock-out Determination Day** means the date(s) specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Event** is as specified in the applicable Final Terms.

**Knock-out Level** means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-out Valuation Time** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

## 7. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event** means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Index Closing Level of any Index as calculated and announced by the Index Sponsor at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

**Trigger Event Date** means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

**Trigger Event Disrupted Day Adjustments** means:

(a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event Observation Date consequences of a Disrupted Day" is specified in the applicable Final Terms as:

(i) "Omission", then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; Provided That if the final Trigger Event Observation Date in any Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

- (ii) "Postponement", then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
  - (i) "Omission", then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
  - (ii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Trigger Event shall be deemed not to have occurred at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

**Trigger Event (Intraday Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the

Index Level of any Index is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

**Trigger Event Observation Date** means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Valuation Time** means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

**Trigger Level** means, in relation to an Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Index in the applicable Final Terms.

**Trigger Percentage** means, in relation to an Index and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

## 8. **Mandatory Early Termination**

Unless the Notes have been previously redeemed or terminated, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption amount payable by the Bank on such date upon redemption of each Note shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

As used herein:

**Mandatory Early Termination Amount** means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

**Mandatory Early Termination Calculation Amount** is as specified in the applicable Final Terms.

**Mandatory Early Termination Date** means each date specified as such in the applicable Final Terms.

**Mandatory Early Termination Event** means each of the events specified as such in the applicable Final Terms.

**Mandatory Early Termination Level** means the level or value per Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Mandatory Early Termination Rate** means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

**Mandatory Early Termination Valuation Cut-Off Date** means the eighth Scheduled Trading Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Mandatory Early Termination Valuation Date** means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Mandatory Early Termination Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4 above) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Mandatory Early Termination Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date); or
- (b) where the Index Linked Notes relate to a Basket of Indices, that Mandatory Early Termination Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Mandatory Early Termination Valuation Date and that Mandatory Early Termination Valuation Date for each Index affected (each an **Affected Index**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Mandatory Early Termination Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date).

**Mandatory Early Termination Valuation Time** means in respect of any Index the time on any Mandatory Early Termination Valuation Date as specified in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Mandatory Early Termination Valuation Date".

**Scheduled Mandatory Early Termination Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Mandatory Early Termination Valuation Date.

## **9. Index Disclaimer**

The Index Linked Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Notes. The Bank shall have no liability to the Holders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Bank nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Bank, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.



## ANNEX 3

### ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Equity Linked Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**) and, subject as set out in Equity Linked Condition 8, the Additional Terms and Conditions for Equity Linked Notes set out below (the **Equity Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Notes Conditions and the Equity Linked Conditions or the and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

For the purposes of these Equity Linked Conditions:

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if "Omission" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price; Provided That, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "Postponement" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "Modified Postponement" is specified as applying in the applicable Final Terms then:
  - (i) where the Equity Linked Notes relate to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that

Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and

- (ii) where the Equity Linked Notes relate to a Basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for a Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below,

for the purposes of these Equity Linked Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

**Disrupted Day** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**Early Closure** means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day.

**Exchange** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Business Day** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange.

**Observation Cut-Off Date** means, in respect of a Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Observation Date** means each date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Equity Linked Notes relate to a Basket of Shares, that Observation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date and that Observation Date for each Share affected (each an **Affected Share**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

**Observation Period** means the period or periods specified as such in the applicable Final Terms.

**Related Exchange** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**Scheduled Trading Day** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Shares** and **Share** mean, subject to adjustment in accordance with these Equity Linked Conditions, the shares or a share specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Share Closing Price** means, in respect of a Share and subject to these Equity Linked Conditions and to the terms of the definitions of "Valuation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Trigger Event Observation Date" and "Mandatory Early Termination Valuation Date" below and "Averaging Date" or "Observation Date" above, as the case may be, an amount equal to the official closing price of such Share quoted on the relevant Exchange as determined by the Calculation Agent on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Observation Date or a Mandatory Early Termination Valuation Date, or an Observation Date, as the case may be, or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate.

**Share Company** means, in respect of a Share, the company that has issued such Share.

**Share Performance** means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Determination Date or a Mandatory Early Termination Valuation Date, as the case may be, an amount expressed as a percentage determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

**Share Price** means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

**Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

**Valuation Cut-Off Date** means, in respect of a Scheduled Valuation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Valuation Date or if earlier the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Valuation Date** means, each Valuation Date specified in the applicable Final Terms or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date; or

- (b) where the Equity Linked Notes relate to a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Share affected (each an **Affected Share**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**Valuation Time** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time or, where the Share Price is to be determined during any period, each relevant time at which the Share Price is so determined.

### 3. **Market Disruption**

**Market Disruption Event** means, in relation to a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, any time during the one hour period that ends at the Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, for such Share or (iii) an Early Closure.

### 4. **Correction to Share Prices**

If the price of a Share published on any Valuation Date, Observation Date, Averaging Date or any other date for Share valuation or observation, as the case may be, by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Share Price**) published by the relevant Exchange no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Share Price shall be deemed to be the relevant price for such Share on such Averaging Date, Observation Date, Valuation Date or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Share Price in determining the relevant price.

### 5. **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

(a) **Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the

proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by a Share Company, in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of a Share Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, Provided That any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will make the corresponding adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (Provided That no adjustments will be made to account solely for changes in volatility, expected dividends stock loan rate or liquidity relative to the relevant Share) and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

If "Local Tax Adjustment" is specified in the applicable Final Terms as being applicable, then, in its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Shares of any Potential Adjustment Event, and any related adjustments to the terms of the Notes, the Calculation Agent shall take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event.

**Local Taxes** shall mean taxes, duties, and similar charges imposed by the taxing authority of the Local Jurisdiction (specified in the applicable Final Terms).

**Offshore Investor** shall mean a holder of Shares who is an institutional investor not resident in the Local Jurisdiction for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (a) shall be determined by the Calculation Agent and (b) may be the jurisdiction of residence of the Bank or any of its Affiliates or agents.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Notes Condition 13 stating the adjustment to the terms of the Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

- (b) **De-listing** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before, the last occurring Valuation Date, Observation Date, or where Averaging is specified in the applicable Final Terms, the final Averaging Date or any other relevant date for Share valuation or observation, as the case may be, in respect of the relevant Notes the Maturity Date.

**Nationalisation** means that all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Tender Offer** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Tender Offer Date** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If (x) a Merger Event, De-listing, Nationalisation or Insolvency occurs in relation to a Share and/or (y) if Tender Offer is specified as applicable in the applicable Final Terms, a Tender Offer occurs, the Bank in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange and the relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares; or
- (ii) where the Equity Linked Notes relate to a Basket of Shares on giving notice to the Holders in accordance with Notes Condition 13 redeem each Note in part. If a Note is so redeemed in part the portion (the **Partial Amount**) of each such Note representing the affected Share(s) shall be redeemed and the Bank will (x) pay to each Holder in respect of each Note, held by him an amount equal to the fair market value of the Partial Amount, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Bank and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and (y) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Terms and Conditions and/or the applicable Final Terms to account for such redemption in part. For the avoidance of doubt the remaining part of each such Notes after redemption and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Holders in accordance with Notes Condition 13; or
- (iii) give notice to the Holders in accordance with Notes Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Bank in its sole discretion shall select (the **Options Exchange**), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (v) if the applicable Final Terms provide that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalisation, Insolvency or



De-listing (as the case may be), the Calculation Agent may adjust the basket of Shares to include a share (the **Substitute Shares**) selected by it in accordance with the criteria for share selection (**Share Substitution Criteria**) set out in the applicable Final Terms in place of the Share(s) (the **Affected Share(s)**) which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing and the Substitute Shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

Upon the occurrence of a Merger Event, De-listing, Nationalisation, Insolvency or, if applicable, Tender Offer, the Bank shall give notice as soon as practicable to the Holders in accordance with Notes Condition 13 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

## 6. **Non-euro Quoted Shares**

In respect of Equity Linked Notes relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Shares are traded, then the Calculation Agent will adjust any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Notes.

## 7. **Additional Disruption Events**

- (a) **Additional Disruption Event** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or Insolvency Filing, in each case if specified in the applicable Final Terms.

**Change in Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Bank and/or any of its Affiliates).

**Hedging Disruption** means that the Bank and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Bank issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Shares** means the number of Shares that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Equity Linked Notes.

**Increased Cost of Hedging** means that the Bank and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Bank issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Bank and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that the Bank and/or any of its Affiliates would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the Initial Stock Loan Rate specified in relation to such Share in the applicable Final Terms.

**Insolvency Filing** means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, Provided That proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

**Loss of Stock Borrow** means that the Bank and/or any of its Affiliates is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

- (b) If an Additional Disruption Event occurs, the Bank in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Notes Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Bank shall give notice as soon as practicable to the Holders in accordance with Notes Condition 13, stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

## **8. GDR/ADR Linked Notes**

If "GDR/ADR Linked Notes" is specified as "Applicable" in the applicable Final Terms, the terms and conditions applicable to the Notes shall comprise the Notes Conditions and the Equity Linked Conditions, as such Equity Linked Conditions are completed by Equity Linked Conditions 9, 10 and 11 (in each case subject to completion and/or amendment in the applicable Final Terms).

If "GDR/ADR Linked Notes" is specified as "Not Applicable" in the applicable Final Terms, the provisions of Equity Linked Conditions 9, 10 and 11 shall not be applicable to the Notes.

## **9. Share Event in respect of GDR/ADR Linked Notes**

Upon the occurrence of a Share Event, the Bank in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) set out in Equity Linked Condition 5(b). The Bank shall give notice as soon as practicable to Holders in accordance with Notes Condition 13, as applicable, stating the occurrence of the Share Event, giving details thereof and the action proposed to be taken in relation thereto.

**Share Event** means each of the following events:

- (i) written instructions have been given by the issuer of the Underlying Shares to the depository of the Underlying Shares to withdraw or surrender the Underlying Shares; and
- (ii) the termination of the deposit agreement in respect of the Underlying Shares.

If an event constitutes both a Share Event and an Additional Disruption Event, the Calculation Agent shall have absolute discretion to determine which of these events such event constitutes.

**Underlying Shares** mean the shares underlying the GDR or the ADR, as the case may be.

## **10. Additional Potential Adjustment Event**

The following additional event shall be deemed added to the list of Potential Adjustment Events set out in Equity Linked Condition 5(a):

"a distribution in respect of the Underlying Shares of property other than cash, shares or rights relating to any Underlying Shares to the holder of the Underlying Shares."

## **11. General Provisions in respect of GDR/ADR Linked Notes**

The provisions of Equity Linked Conditions 1 to 7 (inclusive) shall apply to GDR/ADR Linked Notes as if references therein to the "Shares" were to the GDRs or ADRs as applicable and/or the Underlying Shares, as applicable, references to the "Share Company" were to the issuer of the Underlying Shares and references to the "Exchange" were to the exchange or quotation system on which the GDRs or ADRs, as the case may be, are listed and the exchange or quotation system on which the Underlying Shares are listed, and with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable.

## **12. Knock-in Event, Knock-out Event**

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment obligations under the Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Knock-in Determination Day** means the date(s) specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Event** is as specified in the applicable Final Terms.

**Knock-in/Knock-out Disrupted Day Adjustments** means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) "Omission", then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; Provided That if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
  - (ii) "Postponement", then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is other than a single time on each relevant day and if on any Knock-in

Determination Day or Knock-out Determination Day as of any Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the applicable Final Terms as:

- (i) "Omission", then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (ii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred at such time Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

**Knock-in Level** means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-in Valuation Time** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-in Determination Day".

**Knock-out Determination Day** means the date(s) specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Event** is as specified in the applicable Final Terms.

**Knock-out Level** means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-out Valuation Time** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

### 13. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event** means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Share Closing Price of any Share at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Share, as determined by the Calculation Agent.

**Trigger Event Date** means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

**Trigger Event Disrupted Day Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event Observation Date consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) "Omission", then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; Provided That if the final Trigger Event Observation Date in any Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
  - (ii) "Postponement", then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
  - (i) "Omission", then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

- (ii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Trigger Event shall be deemed not to have occurred at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

**Trigger Event (Intraday Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Share Price of any Share is less than or equal to the relevant Trigger Level for such Share, as determined by the Calculation Agent.

**Trigger Event Observation Date** means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Valuation Time** means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

**Trigger Level** means, in relation to a Share, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Share in the applicable Final Terms.

**Trigger Percentage** means, in relation to a Share and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

#### 14. **Mandatory Early Termination**

Unless the Notes have been previously redeemed or terminated if a Mandatory Early Termination Event occurs on any Mandatory Early Termination Valuation Date, then the Notes will be automatically redeemed, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption amount payable by the Bank on such date upon redemption of each Note shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.



As used herein:

**Mandatory Early Termination Amount** means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

**Mandatory Early Termination Calculation Amount** is as specified in the applicable Final Terms.

**Mandatory Early Termination Date** means each date specified as such in the applicable Final Terms.

**Mandatory Early Termination Event** means each of the events specified as such in the applicable Final Terms.

**Mandatory Early Termination Level** means the price per Share specified as such or otherwise determined as provided in the applicable Final Terms.

**Mandatory Early Termination Rate** means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

**Mandatory Early Termination Valuation Cut-Off Date** means the eighth Scheduled Trading Day immediately following the Scheduled Mandatory Early Termination Valuation Date or, if earlier, the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Mandatory Early Termination Valuation Date** means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, that Mandatory Early Termination Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date; or
- (b) where the Equity Linked Notes relate to a Basket of Shares, that Mandatory Early Termination Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Mandatory Early Termination Valuation Date and that Mandatory Early Termination Valuation Date for each Share affected (each an **Affected Share**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the

Calculation Agent shall determine the relevant price using, in relation to the Affected Share, the price of that Share determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**Mandatory Early Termination Valuation Time** means in respect of any Share the time on any Mandatory Early Termination Valuation Date as specified in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Mandatory Early Termination Valuation Date".

**Scheduled Mandatory Early Termination Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Mandatory Early Termination Valuation Date.

## ANNEX 4

### ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Currency Linked Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**) and the Additional Terms and Conditions for Currency Linked Notes set out below (the **Currency Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions and the Currency Linked Conditions, the Currency Linked Conditions shall prevail. In the event of any inconsistency between (i) the Notes Conditions and/or the Currency Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if that is not an FX Business Day for all the Reference Exchange Rates, the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent, such day is an FX Disrupted Day for any Reference Exchange Rate. If such day is an FX Disrupted Day for any Reference Exchange Rate:

- (a) if "Omission" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price. Provided That, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was an FX Disrupted Day; or
- (b) if "Postponement" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price of such affected Reference Exchange Rate on that Averaging Date as if such Averaging Date were a Valuation Date that was an FX Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "Modified Postponement" is specified as applying in the applicable Final Terms then:
  - (i) where the Currency Linked Notes relate to a single Reference Exchange Rate, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth FX Business Day immediately following the original date that, but for the occurrence of another Averaging Date or FX Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (A) that eighth FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that eighth FX Business Day is already an Averaging Date), and (B) the

Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below (for which purpose, that date shall be deemed to be the "Valuation Cut-off Date"); and

- (ii) where the Currency Linked Notes relate to a basket of Reference Exchange Rates, the Averaging Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for each Reference Exchange Rate affected by the occurrence of an FX Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Reference Exchange Rate. If the first succeeding Valid Date in relation to such Reference Exchange Rate has not occurred as of the Valuation Time on the eighth FX Business Day for such Reference Exchange Rate immediately following the original date that, but for the occurrence of another Averaging Date or FX Disrupted Day, would have been the final Averaging Date, then (A) that eighth FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that eighth FX Business Day is already an Averaging Date) in relation to such Reference Exchange Rate, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below (for which purpose, that date shall be deemed to be the "Valuation Cut-off Date"),

for the purposes of these Currency Linked Conditions **Valid Date** means, in relation to a Reference Exchange Rate, an FX Business Day for such Reference Exchange Rate that is not an FX Disrupted Day for such Reference Exchange Rate and on which another Averaging Date for such Reference Exchange Rate does not or is deemed not to occur.

**Currency Performance** means, in relation to an Averaging Date, a Valuation Date, an Observation Date or a Trigger Event Determination Date, as the case may be, an amount (howsoever expressed) determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

**Currency Price** means, in relation to a Valuation Date, an Observation Date or an Averaging Date, as the case may be, and unless otherwise specified in the applicable Final Terms:

- (a) in the case of Currency Linked Notes relating to a basket of Reference Exchange Rates either (i) an amount equal to the sum of the values calculated for each Reference Exchange Rate as the relevant Reference Exchange Rate appearing on the relevant FX Price Source at the relevant Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date, multiplied by the relevant Weighting; or (ii) in relation to a Reference Exchange Rate, such rate appearing on the relevant FX Price Source at the relevant Valuation Time as the relevant Reference Exchange Rate appearing on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date; and
- (b) in the case of Currency Linked Notes relating to a single Reference Exchange Rate, such relevant Reference Exchange Rate appearing on the FX Price Source at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date.

**FX Business Day** means, in relation to a Reference Exchange Rate, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in

foreign exchange and foreign currency deposits), or but for the occurrence of a FX Market Disruption Event would have settled payments and been open for general business in each of the Specified Financial Centres for that Reference Exchange Rate specified in the applicable Final Terms.

**FX Disrupted Day** means, without prejudice to the provisions of Currency Linked Condition 4 and in relation to a Reference Exchange Rate, any FX Business Day for such Reference Exchange Rate on which a FX Market Disruption Event occurs.

**FX Price Source(s)** means, in respect of a Reference Exchange Rate, the price source(s) specified in the applicable Final Terms for such Reference Exchange Rate or, if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

**Observation Cut-Off Date** means, in respect of each Scheduled Observation Date, the eighth FX Business Day for all the Reference Exchange Rates immediately following the relevant Scheduled Observation Date or, if earlier, the second Business Day immediately preceding the date of payment of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not an FX Business Day for all the Reference Exchange Rates, the immediately preceding FX Business Day for all the Reference Exchange Rates.

**Observation Date** means each Observation Date specified in the applicable Final Terms or if such date is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any of the Reference Exchange Rates. If such day is an FX Disrupted Day for any of the Reference Exchange Rates, then:

- (a) where the Currency Linked Notes relate to a single Reference Exchange Rate, the Observation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless each of the FX Business Days up to and including the Observation Cut-Off Date is an FX Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Reference Exchange Rate in accordance with its good faith estimate of the relevant Reference Exchange Rate as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Currency Linked Notes relate to a basket of Reference Exchange Rates, the Observation Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Observation Date and the Observation Date for each Reference Exchange Rate affected (each an **Affected Reference Exchange Rate**) by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Reference Exchange Rate unless each of the FX Business Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is an FX Disrupted Day relating to the Affected Reference Exchange Rate. In that case, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date for the Affected Reference Exchange Rate (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate using, in relation to the Affected Reference Exchange Rate, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Reference Exchange Rate as of the relevant Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

**Observation Period** means the period or periods specified as such in the applicable Final Terms.

**Reference Currencies** means each Subject Currency and each Base Currency.

**Reference Exchange Rate** means the spot rate of exchange of a Base Currency into the corresponding Subject Currency (expressed as the number of units (or part units) of the relevant Subject Currency for which one unit of the relevant Base Currency can be exchanged).

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing an FX Disrupted Day, would have been an Observation Date.

**Specified Financial Centre(s)** means the financial centre(s) specified in the applicable Final Terms.

**Scheduled Valuation Date** means any original date, that but for the occurrence of an event causing an FX Disrupted Day, would have been an Averaging Date, an Observation Date or a Valuation Date.

**Valuation Cut-off Date** means the date falling eight FX Business Days immediately following the relevant Scheduled Valuation Date specified in the applicable Final Terms or, if earlier, the second FX Business Day for all the Reference Exchange Rates immediately preceding the date of payment of any amount calculated in respect of such Valuation Date pursuant to the definition of Valuation Date.

**Valuation Date** means each Valuation Date specified in the applicable Final Terms or if that is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any Reference Exchange Rate. If such day is an FX Disrupted Day for any Reference Exchange Rate, then:

- (a) where the Currency Linked Notes relate to a single Reference Exchange Rate, the Valuation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless each of the FX Business Days up to and including the Valuation Cut-Off Date is an FX Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Reference Exchange Rate in accordance with its good faith estimate of the relevant Reference Exchange Rate as of the Valuation Time on the Valuation Cut-Off Date; or
- (b) where the Currency Linked Notes relate to a basket of Reference Exchange Rates, the Valuation Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Reference Exchange Rate affected (each an **Affected Reference Exchange Rate**) by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Reference Exchange Rate, unless each of the FX Business Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is an FX Disrupted Day relating to the Affected Reference Exchange Rate. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Reference Exchange Rate (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate using, in relation to the Affected Reference Exchange Rate, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Reference Exchange Rate as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**Valuation Time** means, in relation to a Reference Exchange Rate, the Valuation Time specified for such Reference Exchange Rate in the applicable Final Terms.

### 3. **FX Market Disruption Event**

**FX Market Disruption Event** means, in relation to a Reference Exchange Rate, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if Currency Disruption Event is specified as applicable in the Final Terms, any Currency Disruption Event and/or any other event specified as such in the applicable Final Terms.

For which purpose, unless otherwise specified in the applicable Final Terms:

**Currency Disruption Event** means any of General Inconvertibility, Specific Inconvertibility, General Non-Transferability, Specific Non-Transferability, Nationalisation and Dual Exchange Rate, each such term as defined below:

**General Inconvertibility**, being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, generally makes it impossible or not reasonably practicable to (i) convert the relevant Subject Currency into the relevant Base Currency or (ii) to convert the relevant Reference Currencies for the purpose of determining the Currency Price, the Trigger Event Observation Price or any other relevant level or value, as the case may be, in any relevant jurisdiction through customary legal channels;

**Specific Inconvertibility**, being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, (i) of any relevant amount in the relevant Subject Currency into the relevant Base Currency or (ii) of any relevant Reference Currencies for the purpose of determining the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be, in any relevant jurisdiction, (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of either (i) the relevant Subject Currency into the relevant Base Currency or (ii) any relevant Reference Currencies for the purpose of determining the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be) other than where such impossibility or impracticality is due solely to the failure by such Hedging Party 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 or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);

**General Non-Transferability**, being in relation to a Reference Exchange Rate, the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) the relevant Base Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the relevant Subject Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction;

**Specific Non-Transferability**, being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) the relevant Subject Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the relevant Subject Currency between accounts inside any relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of the relevant Subject Currency into the relevant Base

Currency), other than where such impossibility or impracticality is due solely to the failure by such Hedging Party 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 or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);

**Nationalisation**, being in relation to a Reference Exchange Rate, any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any relevant jurisdiction;

**Dual Exchange Rate**, being in relation to a Reference Exchange Rate, the occurrence of an event that splits any currency exchange rate specified for such Reference Exchange Rate into dual or multiple currency exchange rates;

**FX Price Source Disruption** means, in relation to a Reference Exchange Rate, it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to calculate the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be, on the Averaging Date, Observation Date, Valuation Date or Trigger Event Observation Date, or, if different, the day on which rates for that Averaging Date, Observation Date, Valuation Date or Trigger Event Observation Date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source;

**FX Trading Suspension or Limitation** means, in relation to a Reference Exchange Rate, the suspension of and/or limitation of trading in the rate(s) required to calculate the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) Provided That such suspension or limitation of trading is material in the opinion of the Calculation Agent;

**Governmental Authority** means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction; and

**Hedging Party** means the Bank and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Bank's obligations in respect of the Notes from time to time.

#### **4. FX Market Disruption Event Adjustment / Termination Provisions**

Without prejudice to the provisions of Currency Linked Conditions 2 and 3 above, upon the occurrence and/or continuation, in the determination of the Calculation Agent, of any FX Market Disruption Event, on or before the date on which the Bank's obligations in respect of the Notes are discharged, the Bank may, in its sole and absolute discretion, either:

- (a) direct the Calculation Agent (i) to make, in good faith and a commercially reasonable manner, such consequential adjustments to any of the terms of the Notes (including any payment obligations) as it determines appropriate in order to reflect the economic effect of the relevant FX Market Disruption Event and/or (ii) to substitute any Reference Exchange Rate affected by such FX Market Disruption Event with a substitute Reference Exchange Rate selected by the Calculation Agent and to make such consequential adjustments to any of the terms of the Notes as it determines appropriate in order to reflect such substitution; or
- (b) redeem all (but not some only) of the Notes by giving notice to Holders, in accordance with Notes Condition 13. If the Notes are so redeemed, the Bank shall pay on a day selected by the



Bank, the Early Redemption Amount to each Holder in respect of each nominal amount of Notes equal to the Calculation Amount.

## 5. Trigger Event Provisions

If "Trigger Event Provisions" are specified as applicable in the Final Terms, then the payment provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event** means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event Observation Price** means, in relation to a Trigger Event Observation Date and a Reference Exchange Rate, the Trigger Event Observation Price determined in the manner specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, the Currency Price for which purposes, references in the definition of Currency Price to "Valuation Date" shall be deemed to be to "Trigger Event Observation Date" and "Valuation Time" shall be deemed to be "Trigger Event Valuation Time".

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, any Trigger Event Observation Price at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Price, as determined by the Calculation Agent.

**Trigger Event Date** means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

**Trigger Event FX Disrupted Day Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is an FX Disrupted Day for any Reference Exchange Rate then, if "Trigger Event Observation Date consequences of an FX Disrupted Day" is specified in the applicable Final Terms as:
  - (i) "Omission", then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; Provided That if the final FX Business Day for all the Reference Exchange Rates in any Trigger Event Observation Period is an FX Disrupted Day for any Reference Exchange Rate and no Trigger Event has occurred in that Trigger Event Observation Period, such final day of such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day in respect of such affected Reference Exchange Rate(s) and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate(s) in respect of such day for such affected Reference Exchange Rate(s) in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
  - (ii) "Postponement", then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Trigger Event Observation

Date as if such Trigger Event Observation Date were a Valuation Date that was an FX Disrupted Day in respect of such affected Reference Exchange Rates and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day for such affected Reference Exchange Rates in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or

(b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for an FX Disrupted Day in relation to any Reference Exchange Rate have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:

(i) "Omission", then such Trigger Event Valuation Time shall be ignored for the purposes of determining whether a Trigger Event has occurred, Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for an FX Disrupted Day are satisfied for any Reference Exchange Rate as of the last occurring Trigger Event Valuation Time on the final FX Business Day for all the Reference Exchange Rates in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day for such affected Reference Exchange Rate and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

(ii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such FX Disrupted Day is not material for the purposes of determining the relevant Trigger Event Observation Price as of such time, the Trigger Event shall occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such FX Disrupted Day is material for the purposes of determining the relevant Trigger Event Observation Price as of such time, then the Trigger Event shall be deemed not to have occurred at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for an FX Disrupted Day are satisfied for any Reference Exchange Rate as of the last occurring Trigger Event Valuation Time on the final FX Business Day for all the Reference Exchange Rates in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day for such affected Reference Exchange Rate and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

**Trigger Event (Intraday Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, any Trigger Event Observation Price is less than or equal to the relevant Trigger Price, as determined by the Calculation Agent.

**Trigger Event Observation Date** means each FX Business Day for all the Reference Exchange Rates during the Trigger Event Observation Period, subject as provided in Trigger Event FX Disrupted Day Adjustments above.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Valuation Time** means, in relation to a Reference Exchange Rate, the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time.

**Trigger Price** means, in relation to a Reference Exchange Rate, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Price specified for such Reference Exchange Rate in the applicable Final Terms.

**Trigger Percentage** means, in relation to a Reference Exchange Rate and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

## ANNEX 5

### ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Commodity Linked Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**) and the Additional Terms and Conditions for Commodity Linked Notes set out below (the **Commodity Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions, and the Commodity Linked Conditions, the Commodity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Notes Conditions and/or the Commodity Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

**Bullion** means any of gold, silver, platinum or palladium or such other precious metal specified as such in the applicable Final Terms in each case if specified in the applicable Final Terms.

**Bullion Business Day** means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and any relevant Bullion Business Day Centre specified in the applicable Final Terms.

**Calculation Agent Determination** means that the Calculation Agent will determine the Relevant Price (or method for determining the Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

**Commodity** and **Commodities** means, subject to adjustment in accordance with these Commodity Linked Conditions, in the case of an issue of Commodities Linked Notes relating to a Basket of Commodities, each commodity and, in the case of an issue of Commodity Linked Notes relating to a single Commodity, the Commodity, in each case specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Commodity Business Day** means, unless otherwise specified in the applicable Final Terms, (i) in respect of a Commodity other than Bullion: (A) a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Commodity Reference Price is scheduled to be published or announced by the relevant Exchange and a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; or (B) where the relevant Commodity Reference Price is not a price announced or published by any relevant Exchange, a day in respect of which the relevant Price Source publishes (or, but for the occurrence of a Market Disruption Event, would have published) the relevant Specified Price or prices from which the Specified Price is calculated, or (ii) in respect of Bullion, a Bullion Business Day.

**Commodity Index Cut-Off Date** means, in respect of a Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the date specified in the applicable Final Terms, or if not so specified, the day falling two Business Days immediately preceding the relevant payment date or settlement date, as applicable under the Notes, of any amount calculated in respect of such Pricing Date (or other date as aforesaid).

**Commodity Index** means, subject to adjustment in accordance with the Commodity Linked Conditions, any index specified as such in the applicable Final Terms and which may without limitation comprise various commodities, commodity prices or derivatives linked to commodities.

**Commodity Reference Price** means (i) in respect of all Commodities, the Commodity Reference Price specified in the applicable Final Terms and (ii) in respect of a Commodity Index, the Commodity Reference Price specified in the applicable Final Terms, or if not so specified, the official closing price of such Commodity Index.

**Commodity Trading Disruption** means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange.

For these purposes:

- (a) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if:
  - (i) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
  - (ii) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

**Delayed Publication or Announcement** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for two consecutive Commodity Business Days. In that case, the next Disruption Fallback (as defined below) specified in the applicable Final Terms will apply.

**Delivery Date** means the date specified in the applicable Final Terms.

**Disappearance of Commodity Reference Price** means:

- (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange;
- (ii) the disappearance of, or of trading in, the Commodity; or
- (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price,

notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Commodity.

**Exchange** means, in relation to a Commodity, the exchange or principal trading market specified as such for such Commodity in the applicable Final Terms or Commodity Reference Price.

**Fallback Reference Price** means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

**Futures Contract** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price.

**Knock-in Determination Day** means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Knock-in Determination Period (and in each case each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Knock-in/Knock-out Market Disruption Event Adjustments) Commodity Linked Condition 4.

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Event** is as specified in the applicable Final Terms.

**Knock-in Level** means, in respect of a Commodity or Commodity Index, the price of the Commodity or Commodity Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or if such day is not deemed to be a Pricing Date (pursuant to the definition of Knock-in Determination Day or Knock-out Determination Day, as applicable) the immediately preceding deemed Pricing Date.

**Knock-out Determination Day** means the date(s) specified as such in the applicable Final Terms.

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Event** is as specified in the applicable Final Terms.

**Knock-out Level** means, in respect of a Commodity, the price of the Commodity specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or if such day is not deemed to be a Pricing Date (pursuant to the definition of Knock-in Determination Day or Knock-out Determination Day, as applicable) the immediately preceding deemed Pricing Date.

**Mandatory Early Termination Amount** means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the

Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

**Mandatory Early Termination Calculation Amount** is as specified in the applicable Final Terms.

**Mandatory Early Termination Date** means each date specified as such in the applicable Final Terms.

**Mandatory Early Termination Event** means each of the events specified as such in the applicable Final Terms.

**Mandatory Early Termination Level** means the price per Commodity or Commodity Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Mandatory Early Termination Rate** means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

**Mandatory Early Termination Valuation Cut-Off Date** means the eighth Commodity Business Day immediately following the Scheduled Mandatory Early Termination Valuation Date or, if earlier, the Commodity Business Day falling on the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Mandatory Early Termination Valuation Date** means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Commodity Business Day, the first Commodity Business Day thereafter, and each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2, 3 and 4. In particular, if in the opinion of the Calculation Agent, such day is a day on which there is a Market Disruption Event then the provisions of Commodity Linked Condition 4(a)(iv) will apply for the purposes of determining the relevant price on that Mandatory Early Termination Valuation Date and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Mandatory Early Termination Event shall occur.

**Market Disruption Event** means the occurrence of any of the following events:

- (i) with respect to all Commodities:
  - (A) Price Source Disruption;
  - (B) Commodity Trading Disruption;
  - (C) Disappearance of Commodity Reference Price; and
- (ii) with respect to all Commodities other than Bullion:
  - (A) Material Change in Formula;
  - (B) Material Change in Content; and
  - (C) any additional Market Disruption Events as specified in the applicable Final Terms; and

- (iii) with respect to a Commodity Index:
  - (A) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (x) the Commodity Reference Price or (y) closing price for any futures contract included in the Commodity Index;
  - (B) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Index which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
  - (C) the closing price for any futures contract included in the Commodity Index is a "limit price", which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules.

**Material Change in Content** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract.

**Material Change in Formula** means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**Nearby Month** when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by the numerical adjective, so that, for example, (i) **First Nearby Month** means the month of expiration of the first Futures Contract to expire following that Pricing Date and (ii) **Second Nearby Month** means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

**Postponement** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date). In that case, the next Disruption Fallback specified in the definition of "Disruption Fallback" below will apply.

**Price Source** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the specified Commodity Reference Price or otherwise in the applicable Final Terms.

**Price Source Disruption** means:

- (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or
- (ii) the temporary or permanent discontinuance or unavailability of the Price Source.

**Pricing Date** means, the date or dates specified as such in the applicable Final Terms or, if any such day is not a Commodity Business Day in respect of a Commodity, the immediately following Commodity Business Day for that Commodity, subject, in the case of Notes relating to a Basket of Commodities, to Commodity Linked Condition 3(a) and in each case unless otherwise provided in the applicable Final Terms.



**Relevant Price** means for any Pricing Date, the price, expressed as a price per unit (or other relevant price) of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in these Commodity Linked Conditions and the applicable Final Terms.

**Specified Price** means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) as specified in the applicable Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the applicable Final Terms.

**Trigger Event** means a Trigger Event (Closing Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Commodity Reference Price of any Commodity or Commodity Index is less than or equal to the relevant Trigger Level for such Commodity or Commodity Index, as determined by the Calculation Agent.

**Trigger Event Observation Date** means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Trigger Event Observation Period (and in each case each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Trigger Event Market Disruption Event Adjustments) Commodity Linked Condition 4.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Strike Level** means the level specified as such in the applicable Final Terms.

**Trigger Level** means, in relation to a Commodity or a Commodity Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Commodity or Commodity Index in the applicable Final Terms.

**Trigger Percentage** means, in relation to a Commodity or a Commodity Index and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

### **3. Terms relating to Calculation of Prices**

#### **(a) Common Pricing**

With respect to Commodity Linked Notes relating to a Basket of Commodities, if "Common Pricing" is specified in the applicable Final Terms as:

(i) "Applicable", then

(A) no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced; and

- (B) if the Calculation Agent determines that a Market Disruption Event has occurred or exists on a Pricing Date in respect of any relevant Commodity and/or Commodity Index and the Calculation Agent determines that Delayed Publication or Announcement and/or Postponement apply as a Disruption Fallback then the determination of the Relevant Price of each Commodity and/or Commodity Index within the basket (including those not affected by the occurrence of a Market Disruption Event) shall be postponed until the date on which the Relevant Price of each Affected Commodity(ies) (as defined below) may be determined in accordance with Commodity Linked Condition 4 which will then be the relevant Pricing Date (regardless of whether such date is already a Pricing Date); or
- (ii) "Not Applicable", then if the Calculation Agent determines that a Market Disruption Event has occurred or exists on the Pricing Date in respect of any Relevant Commodity and/or Commodity Index (each an **Affected Commodity**), the Relevant Price of each Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

All determinations made by the Calculation Agent pursuant to this condition will be conclusive and binding on the Holders and the Bank except in the case of manifest error.

(b) Correction to Published Prices

For purposes of determining or calculating the Relevant Price, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement (or, if earlier, the day falling two Commodity Business Days preceding the date of payment under the Notes of any amount to be calculated by reference to such Relevant Price), the Calculation Agent may, in its sole discretion, use such corrected price in such calculation.

#### 4. Market Disruption and Disruption Fallback

If, in the opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on any Pricing Date or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source, the Relevant Price for that Pricing Date will be determined by the Calculation Agent, in accordance with the first applicable Disruption Fallback (as set out below) that provides a Relevant Price:

**Disruption Fallback** means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Note. A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, shall mean:

- (A) with respect to a relevant Commodity, in the following order:
- I. Fallback Reference Price (if applicable);
  - II. Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date)) provided, however, that the price determined by Postponement shall be the Relevant Price only if Delayed Publication or

Announcement does not yield a Relevant Price within those two consecutive Commodity Business Days); and

III. Calculation Agent Determination;

(B) with respect to a Commodity Index, the Calculation Agent shall determine the Relevant Price:

(a) using:

(i) with respect to each futures contract included in the Commodity Index which is not affected by the Market Disruption Event, the closing prices of each such contract on the applicable determination date; and

(ii) with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event, the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract; or

(b) as specified in the applicable Final Terms.

Subject as provided below, the Calculation Agent shall determine the Relevant Price by reference to the closing prices determined in (a)(i) and (a)(ii) above or as provided in (b) above using the then current method for calculating the Commodity Reference Price.

Where a Market Disruption Event with respect to one or more futures contracts included in the Commodity Index has occurred on an applicable determination date and continues to exist as of the relevant Commodity Index Cut-Off Date for such applicable determination date, the Calculation Agent shall determine the Relevant Price on such Commodity Index Cut-Off Date. In calculating the Relevant Price as set out herein, the Calculation Agent shall use the formula for calculating the Commodity Reference Price last in effect prior to the Market Disruption Event.

## 5. Adjustments to a Commodity Index

(a) Successor Index Sponsor Calculates and Reports a Commodity Index

If a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the **Successor Index Sponsor**) acceptable to the Bank, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Commodity Index, then in each case that index (the **Successor Index**) will be deemed to be the Commodity Index.

(b) Modification and Cessation of Calculation of a Commodity Index

If on or prior to a Pricing Date (i) the relevant Index Sponsor makes a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Index Sponsor permanently cancels a relevant Commodity Index or (iii) the Index Sponsor fails to calculate and announce a relevant Commodity Index and there is no Successor Index Sponsor or Successor Index then the Calculation Agent may at its option (in the case of (i)) and shall

(in the case of (ii) and (iii)) (such events (i) (ii) and (iii) to be collectively referred to as **Index Adjustment Events**) calculate the Relevant Price using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Commodity Index immediately prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).

(c) **Corrections to a Commodity Index**

If the level of a relevant Commodity Index published on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Commodity Linked Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Commodity Index Level**) published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Commodity Index Level shall be deemed to be the relevant level for such Commodity Index on such Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) and the Calculation Agent shall use such Corrected Commodity Index Level in determining the relevant level or price.

**6. Knock-in Event, Knock-out Event**

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment obligations under the Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

In each case Knock-in/Knock-out Market Disruption Event Adjustments (as set out below) will apply.

Unless otherwise specified in the applicable Final Terms:

**Knock-in/Knock-out Market Disruption Event Adjustments** means:

- (a) if any Knock-in Determination Day or Knock-out Determination Day is a day on which there is a Market Disruption Event in respect of any Commodity or Commodity Index then, if "Knock-in/Knock-out Determination Day consequences of Market Disruption Event" is specified in the applicable Final Terms as:
  - (i) "Omission", then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; Provided That if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a day on which there is a Market Disruption Event and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4 to determine the relevant price

on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, of the relevant Commodity or Commodities in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur;

- (ii) "Market Disruption Applicable", then the provisions of Commodity Linked Condition 4 will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a day on which there is a Market Disruption Event and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (iii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is not material for the purposes of determining the Commodity Reference Price at the relevant time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is material for the purposes of determining the Commodity Reference Price at the relevant time, then no Knock-in Event or Knock-out Event may occur at such time Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Market Disruption Event on such day are satisfied as of the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4(a)(iv) to determine the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

## 7. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

In each case Trigger Event Market Disruption Event Adjustments (as set out below) will apply.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event Market Disruption Event Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a day on which there is a Market Disruption Event then, if "Trigger Event Observation Date consequences of a Market Disruption Event" is specified in the applicable Final Terms as:

- (i) "Omission", then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred, as applicable; Provided That if the deemed Pricing Date (as referred to in the definition of Trigger Event Observation Date) in any Trigger Event Observation Period is a day on which there is a Market Disruption Event and no Trigger Event has occurred in such Trigger Event Observation Period, such final Pricing Date of such Trigger Event Observation Period shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4 to determine the relevant price on the final Pricing Date of such Trigger Event Observation Period, of the relevant Commodity or Commodities in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur;
- (ii) "Market Disruption Applicable", then the provisions of Commodity Linked Condition 4 will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a day on which there is a Market Disruption Event and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (iii) "Materiality", then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is not material for the purposes of determining the Commodity Reference Price at the relevant time, the Trigger Event, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is material for the purposes of determining the Commodity Reference Price at the relevant time, then no Trigger Event may occur at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Market Disruption Event are satisfied as of the final deemed Pricing Date (as referred to in the definition of Trigger Event Observation Date) in the Trigger Event Observation Period, then such day shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4(a)(iv) to determine the relevant price on the final Pricing Date of the Trigger Event Observation Period, in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

## **8. Mandatory Early Termination**

Unless the Notes have been previously redeemed or terminated if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption amount payable by the Bank on such date upon redemption of the Notes shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

## ANNEX 6

### ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Fund Linked Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**) and the Additional Terms and Conditions for Fund Linked Notes set out below (the **Fund Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the Notes Conditions and/or the Fund Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. General Definitions

**Valuation Date** means each Valuation Date specified in the applicable Final Terms.

#### 3. Provisions relating to Funds other than Exchange Traded Funds

Fund Linked Conditions 4, 5 and 6 apply in respect of Funds other than Exchange Traded Funds.

#### 4. Definitions (Funds other than Exchange Traded Funds)

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Fund** means, subject to adjustment in accordance with these Fund Linked Conditions, each fund specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Fund Administrator** means the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for a Fund according to the relevant Fund Documents.

**Fund Adviser** means any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser).

**Fund Documents** means the constitutive and governing documents, subscription agreements and other agreements of a Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

**Fund Interest** means, subject to adjustment in accordance with these Fund Linked Conditions, each fund interest specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Fund Redemption Valuation Date** means, in respect of a Fund Interest, the date as of which a Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

**Fund Service Provider** means any person who is appointed to provide services, directly or indirectly, to a Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

**Fund Valuation Date** means a date as of which a Fund (or its Fund Service Provider that generally determines such value) determines the value of the related Fund Interest.

**Hypothetical Investor** means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Bank, the Calculation Agent or any of their Affiliates (as determined by the Calculation Agent in the context of the relevant situation).

**Removal Date** means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest effected as soon as reasonably practicable following the occurrence of the relevant Fund Event.

**Removal Value** means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest at the relevant time, Provided That if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

**Scheduled Fund Redemption Valuation Date** means the date as of which a Fund (or its Fund Service Provider that generally determine such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of the related Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

**Scheduled Fund Valuation Date** means, in respect of a Fund Interest, a date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the value of the related Fund Interest or, if the Fund only reports its aggregate net asset value, the date as of which such Fund is scheduled to determine its aggregate net asset value.

**Valuation Time** means the time specified in the applicable Final Terms.

## 5. Fund Events

**Fund Event** means the occurrence of each of an Additional Fund Disruption Event, a Fund Disruption Event and/or a Fund Extraordinary Event as determined by the Calculation Agent.

- (a) **Additional Fund Disruption Event** means each of Change in Law, Fund Hedging Disruption or Increased Cost of Hedging.



**Change in Law** means that, on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Bank or any of its Affiliates or agents acting on its behalf determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Fund Interests, or (y) the Bank will incur a materially increased cost in performing its obligations under the Fund Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**Fund Hedging Disruption** means that the Bank or any of its Affiliates or agents is unable, or it is impractical for the Bank or any of its Affiliates or agents, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to any Fund Interest of the Bank issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (x) any restrictions or increase in charges or fees imposed by a Fund on an investor's ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (y) any mandatory redemption, in whole or in part, of a Fund Interest imposed by the related Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

**Increased Cost of Hedging** means that the Bank or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of the Bank issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Bank shall not be deemed an Increased Cost of Hedging.

- (b) **Fund Disruption Event** means at any time the occurrence or continuance of any of the following events, as determined by the Calculation Agent in its sole and absolute discretion, if the Calculation Agent determines any such event is material:
- (i) **Fund Valuation Disruption: Fund Valuation Disruption** means (x) the failure of a Scheduled Fund Redemption Valuation Date in respect of a Fund Interest to be a Fund Redemption Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Redemption Valuation Date, or (y) the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Valuation Date;
  - (ii) **Fund Settlement Disruption: Fund Settlement Disruption** means a failure by a Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests).

- (c) **Fund Extraordinary Event** means each of the following events:
- (i) Nationalisation: **Nationalisation** means that all the Fund Interests or all or substantially all the assets of a Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
  - (ii) Insolvency: **Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (x) all the Fund Interests of that Fund are required to be transferred to a trustee, liquidator or other similar official or (y) holders of the Fund Interests of that Fund become legally prohibited from transferring or redeeming them;
  - (iii) Fund Insolvency Event: **Fund Insolvency Event** means a Fund or relevant Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (x) above and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (E) and (F) above;
  - (iv) NAV Trigger Event: **NAV Trigger Event** means that (x) the aggregate net asset value of a Fund has decreased by an amount equal to or greater than 30 per cent. since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (y) a Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;

- (v) Adviser Resignation Event: **Adviser Resignation Event** means the resignation, termination of appointment, or replacement of a Fund's Fund Adviser;
- (vi) Fund Modification: **Fund Modification** means any change or modification of the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of Fund Interests;
- (vii) Strategy Breach: **Strategy Breach** means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or any change of the nature of a Fund, including but not limited to the type of investments, the duration, the credit risk and diversification of the investments to which that Fund is exposed, which, in the opinion of the Calculation Agent, results in a material deterioration of the risk profile of that Fund;
- (viii) Regulatory Action: **Regulatory Action** means (x) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (y) any change in the legal, tax, accounting, or regulatory treatments of a Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (z) a Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;
- (ix) Reporting Disruption: **Reporting Disruption** means (x) occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date or a Scheduled Fund Redemption Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates or Scheduled Fund Redemption Valuation Dates, as the case may be; (y) any failure of a Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests;
- (x) Fund Service Provider Cessation: **Fund Service Provider Cessation** means that one or more Fund Service Provider(s) in respect of a Fund ceases to provide the service as outlined in the relevant Fund Documents prevailing on the Trade Date or, where the related Fund Interest is a Replacement Fund Interest, the relevant replacement

date, and any such Fund Service Provider is not immediately replaced by another service provider acceptable to the Calculation Agent;

- (xi) Fund Administrator Disruption: **Fund Administrator Disruption** means any event or circumstances compromising the independence of a Fund Administrator performing services for a Fund from the relevant Fund Adviser; or
- (xii) Related Agreement Termination: **Related Agreement Termination** means a Fund or any of its Fund Administrator or Fund Adviser is in breach of or has terminated any existing agreement with the Calculation Agent in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.

Following the occurrence of a Fund Event, the Bank may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to make such determinations and/or adjustments to the Terms and Conditions and/or the applicable Final Terms as it determines appropriate to account for the Fund Event, which may include, without limitation, delaying any determination and any related payment date until it determines that no Fund Event exists, calculating the value of a Fund Interest and/or replacing a Fund Interest (the **Affected Fund Interest**) with a replacement fund interest (the **Replacement Fund Interest**) with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Fund Event; or
- (ii) on giving notice to the Holders in accordance with Notes Condition 13, redeem all (but not some only) of the Notes, each amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest.

Upon the occurrence of a Fund Event, the Bank shall give notice as soon as reasonably practicable to the Holders in accordance with Notes Condition 13 giving details of the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action.

## 6. Fund Potential Adjustment Events

**Fund Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Interests or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Fund Interests of (A) such Fund Interests or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the related Fund equally or proportionately with such payments to holders of such Fund Interests or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the related Fund as a result of a spin-off or

other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a repurchase by a Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or
- (v) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other on the theoretical value of relevant Fund Interests.

Following the declaration by a Fund of the terms of any Fund Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interest and, if so, will make the corresponding adjustment, if any, to any one or more of any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other effect (Provided That no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest) and determine the effective date of that adjustment.

Upon the making of any such adjustment by the Calculation Agent, the Bank shall give notice as soon as reasonably practicable to the Holders in accordance with Notes Condition 13 stating the adjustment to any of the terms of the Terms and Conditions, and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such adjustment.

## **7. Provisions relating to Exchange Traded Funds**

Fund Linked Conditions 8, 9, 10 and 11 apply to Exchange Traded Funds.

## **8. Definitions (Exchange Traded Funds)**

**Disrupted Day** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**ETF** means any fund which is an exchange traded fund as specified in the applicable Final Terms, or if not so specified, any fund which the Calculation Agent determines to be an Exchange Traded Fund.

**Exchange** means, in relation to a Fund Share, the exchange or principal trading market for such ETF specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such ETF has temporarily relocated.

**Exchange Business Day** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Fund Share** means a share of each ETF, and references to "holder of Fund Shares" and "Fund Shareholder" shall be construed accordingly.

**Related Exchange** means, in relation to a Fund Share, each exchange or principal trading market specified as such for such Fund Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such Fund Share has temporarily relocated (provided the Calculation Agent has determined that there is comparable liquidity relative to such Fund Shares on such temporary substitute exchange or quotation system as on the original Related Exchange), provided however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or principal trading market where trading has a material effect (as determined by the Calculation Agent) on the overall market for such Fund Shares.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Underlying Index** means the underlying index specified in the applicable Final Terms.

**Valuation Time** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Fund Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## 9. Market Disruption

**Market Disruption Event** means, in respect of a Fund Share:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
  - (x) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
    - (A) relating to the relevant Fund Share on such Exchange; or
    - (B) relating to securities that comprise 20 percent or more of the level of the relevant Underlying Index or any relevant successor index; or
    - (C) in futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange, or
  - (y) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in, or obtain market values for, the Fund Shares on the Exchange, (ii) effect transactions in, or obtain market values for securities that comprise 20 percent or more of the level of the relevant Underlying Index, or (iii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in respect of a Fund Share at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the relevant Underlying Index at that time, then the relevant percentage contribution of that security, to the level of the relevant Underlying Index shall be based on a comparison of (i) the portion of the level of the relevant Underlying Index attributable to that security, and the overall level of the relevant Underlying Index immediately before the occurrence of such Market Disruption Event.

The Bank shall give notice as soon as practicable to the Holders in accordance with Notes Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

## **10. Potential Adjustment Event**

**Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless resulting in a Merger Event or Tender Offer), or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Fund Shares of (i) such Fund Shares or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such Fund Shares or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by the ETF in respect of relevant Fund Shares that are not fully paid;
- (v) a repurchase by the ETF or any of its subsidiaries of relevant Fund Shares, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of an ETF, an event that results in any shareholder rights being distributed or becoming separated from Fund Shares of common stock or other shares of the capital stock of the ETF pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, Provided That any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Shares.

Following a Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the terms of the Terms and Conditions of the Notes and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (b) determine the effective date(s) of that adjustment(s). The Calculation Agent may, but need not, determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Fund Shares traded on such options exchange.

Upon the making of any such adjustment, the Calculation Agent shall as soon as is reasonably practicable under the circumstances give notice to the Holders in accordance with Notes Condition 13, stating the adjustment made and giving brief details of the Potential Adjustment Event, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

#### **11. De-Listing, Insolvency, Material Underlying Event, Merger Date, Merger Event, Nationalisation, Tender Offer**

**De-Listing** means, in respect of a Fund Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Share ceases (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an ETF, (A) all the Fund Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Fund Shares of that ETF become legally prohibited from transferring them.

**Material Underlying Event** means any of the following:

- (i) the investment objectives and/or policies in respect of the ETF are materially changed;
- (ii) an illegality occurs or a relevant authorisation or licence is revoked in respect of the ETF and/or the ETF is required by a competent authority (other than any holder of the Fund Shares) to redeem any Fund Shares;
- (iii) there is a change in any relevant jurisdiction in respect of any payments made by the ETF in respect of any Fund Share as a result of which the amounts paid or to be paid by the Bank in connection with hedging arrangements relating to the Notes are materially reduced or otherwise adversely affected; and/or
- (iv) any other event occurs in relation to the ETF and/or the Fund Shares which is materially prejudicial to the Bank in connection with the issue of the Notes or any hedging arrangements relating to the Notes,

as determined by the Calculation Agent.



**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Fund Shares, any (i) reclassification or change of such Fund Shares that results in a transfer of or an irrevocable commitment to transfer all of such Fund Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in any such reclassification or change of all such Fund Shares outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Fund Shares of the relevant ETF that results in a transfer of or an irrevocable commitment to transfer all such Fund Shares (other than such Fund Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the ETF or its subsidiaries with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such Fund Shares outstanding but results in the outstanding Fund Shares (other than Fund Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Fund Shares immediately following such event (a **Reverse Merger**), in each case if the Merger Date is on or before the Valuation Date.

**Nationalisation** means that all the Fund Shares or all or substantially all the assets of an ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Tender Offer** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant ETF, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Tender Offer Date** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If a De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event occurs in relation to any Fund Share, the Bank in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent, in its sole and absolute discretion, to determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event, as the case may be, and determine the effective date(s) of that adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of the De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event made by any options exchange to options on the relevant Fund Share traded on that options exchange;
- (ii) give notice to the Holders in accordance with Notes Condition 13, and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or

- (iii) following such adjustment to the settlement terms of options on the Fund Shares traded on such exchange(s) or quotation system(s) as the Bank in its sole discretion shall select (the **Options Exchange**), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Fund Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Material Underlying Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Material Underlying Event, the Bank shall give notice as soon as practicable to the Holders in accordance with Notes Condition 13 stating the occurrence of the Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

## ANNEX 7

### ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

The Additional Terms and Conditions for Credit Linked Notes set out below reflect (to the extent relevant to the Notes) the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March, 2009) and the 2009 ISDA Credit Derivatives Determination Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 14 July 2009).

#### 1. Interpretation

If Credit Linked Redemption is specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Credit Linked Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**) and the Additional Terms and Conditions for Credit Linked Notes set out below (the **Credit Linked Conditions**) together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail. In the event of any inconsistency between the Notes Conditions and/or the Credit Linked Conditions and the applicable Final Terms, the applicable Final Terms shall prevail.

Unless otherwise stated in these Credit Linked Conditions or in the applicable Final Terms, in the event that any day specified in the section "*Credit Linked Notes*" in the applicable Final Terms or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

#### 2. Definitions

**2.5-year Limitation Date** has the meaning given to that term in the definition of "Limitation Date".

**5-year Limitation Date** has the meaning given to that term in the definition of "Limitation Date".

**20-year Limitation Date** has the meaning given to that term in the definition of "Limitation Date".

**2005 Matrix Supplement** means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7 March 2005.

**Accreted Amount** means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if "Include Accrued Interest" is specified as applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the

original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Accreting Obligation** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

**Additional Interest Amount** means an amount in the Specified Currency equal to the product of:

- (i) the Calculation Amount;
- (ii) the Average Overnight Rate in respect of the Additional Amount Period; and
- (iii) the number of days in the Additional Amount Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Additional Amount Period is the 31st day of a month but the first day of the Additional Amount Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Additional Amount Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

**Additional Amount Period** means, the period from and including (x) the Scheduled Maturity Date to but excluding (y) (i) the Repudiation/Moratorium Evaluation Date (where Credit Linked Condition 6 applies), (ii) the Grace Period Extension Date (where Credit Linked Condition 7 applies) or (iii) the DC Cut-off Date (where Credit Linked Condition 8 applies) or (iv) the Postponed Maturity Date (where Credit Linked Condition 9 applies).

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**Auction** has the meaning set forth in the Transaction Auction Settlement Terms.

**Auction Cancellation Date** has the meaning set forth in the Transaction Auction Settlement Terms.

**Auction Covered Transaction** has the meaning set forth in the Transaction Auction Settlement Terms.

**Auction Final Price** has the meaning set forth in the Transaction Auction Settlement Terms.

**Auction Final Price Determination Date** has the meaning set forth in the Transaction Auction Settlement Terms.

**Auction Settlement Date** means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**Auction Settlement Notice** has the meaning given to that term in Credit Linked Condition 4.

**Average Overnight Rate** means, in respect of the Additional Amount Period, a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the first day of such Additional Amount Period to but excluding the second Business Day immediately preceding the day on which such Additional Amount Period ends but which is excluded from the Additional Amount Period.

**Bankruptcy** means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter or before the Scheduled Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in paragraphs (a) to (g) (inclusive).

**Best Available Information** means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated *pro forma* financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated *pro forma* financial information and, if provided subsequently to the provision of unconsolidated *pro forma* financial information but before the Calculation Agent makes its determination for the purposes of the definition of

"Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

**Business Day Convention** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustments will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (a) if "Following" is specified as the applicable Business Day Convention in the applicable Final Terms, that date will be the first following day that is a Business Day;
- (b) if "Modified Following" is specified as the applicable Business Day Convention in the applicable Final Terms, that date will be 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; and
- (c) if "Preceding" is specified as the applicable Business Day Convention in the applicable Final Terms, that date will be the first preceding day that is a Business Day.

**Calculation Agent Physical Settlement Notice** has the meaning given to that term in the definition of Conditions to Settlement.

**Cash Settlement Notice** has the meaning given to that term in Credit Linked Condition 5.

**Conditionally Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Bank or the Calculation Agent.

**Conditions to Settlement** means the requirements set out in (a) and (b) below which may be satisfied as set out herein:

- (a) all of the Conditions to Settlement shall be deemed to be satisfied by the occurrence of a Credit Event Determination Date, to the extent that such Credit Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Event Redemption Date or the Maturity Date, as applicable;

Where the Notes are Nth-to-Default Credit Notes, other than for the purposes of the final paragraph of Credit Linked Condition 3, the Conditions to Settlement shall be deemed to be satisfied with respect to the Notes only when the Conditions to Settlement are satisfied with respect to the Triggering Reference Entity (as defined in Credit Linked Condition 3). Where the Notes are Nth-to-Default Credit Notes and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

Where the Notes are First-to-Default Credit Notes, Conditions to Settlement shall be deemed to be satisfied with respect to the Notes on the first occasion Conditions to Settlement are satisfied with respect to any Reference Entity (the **First Reference Entity**). Where the Notes are First-to-Default Credit Notes or Nth-to-Default Credit Notes and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

- (b) if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information Condition to Settlement is satisfied by the delivery of a Notice of Publicly Available Information by the Calculation Agent to the Bank that is effective during one of the periods specified in paragraph (a) of the definition of Credit Event Determination Date; Provided That the Notice of Publicly Available Information Condition to Settlement shall be deemed to be satisfied in circumstances where ISDA publicly announces on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for purposes of the relevant Notes has occurred with respect to the relevant Reference Entity or Obligation thereof.

**Convertible Obligation** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Credit Derivatives Auction Settlement Terms** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

**Credit Derivatives Determinations Committees** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **Rules**).

**Credit Event** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation

Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms, 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 a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Credit Event Backstop Date** means (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition of Repudiation/Moratorium) for purposes of the relevant Notes, as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Bank and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraph (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Bank and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**Credit Event Determination Date** means, in respect of any Credit Event:

- (a) subject to subsection (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Bank and are effective during either:
  - (i) the Notice Delivery Period; or
  - (ii) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen



calendar days thereafter (Provided That the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or

- (b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
  - (i) the Credit Event Resolution Request Date, if:
    - (A) either:
      - I. "Auction Settlement" is specified as the applicable Settlement Method in the applicable Final Terms; or
      - II. the relevant Credit Event is a Restructuring; and
    - (B) the Credit Event Notice is delivered by the Calculation Agent to the Bank on or prior to the date falling two Business Days after the Exercise Cut-off Date; or
  - (ii) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Bank during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (Provided That the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
    - (A) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms; or
    - (B) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and the Credit Event Notice is delivered by the Calculation Agent to the Bank on a date that is later than the date falling two Business Days after the relevant Exercise Cut-off Date,

Provided That, in the case of paragraph (b) above, (1) this shall be subject to any adjustment in accordance with Credit Linked Condition 12 and (2) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Bank unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date; and

provided further that no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Event Redemption Date, the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to

achieve as far as practicable the same economic position of Holders as would have prevailed had a Credit Event Determination Date not occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

**Credit Event Notice** means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Bank (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

**Credit Event Redemption Amount** means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

A is the Calculation Amount;

B is the Final Price or the Auction Final Price, as applicable; and

C is Unwind Costs,

Provided That in no event shall the Credit Event Redemption Amount be less than zero.

**Credit Event Redemption Date** means, subject to Credit Linked Condition 10, the day falling the number of Business Days specified as the "Credit Event Redemption Period" in the applicable Final Terms following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date, if applicable, provided, in the case of (ii), that the Credit Event Redemption Date shall not fall earlier than the Auction Settlement Date.

**Credit Event Redemption Period** means the number of Business Days specified as such in the applicable Final Terms.

**Credit Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event for purposes of the Notes has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in paragraphs (a) and (b) above.

**DC Credit Event Announcement** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**DC No Credit Event Announcement** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof).

**DC Party** has the meaning set out in the Rules.

**DC Question** has the meaning set out in the Rules.

**DC Resolution** has the meaning set out in the Rules.

**Default Requirement** means the amount specified as such in the applicable Final Terms or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, US\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**Deliver** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in Deliverable Obligations free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) Provided That if all or a portion of the Deliverable Obligations consist of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favour of the relevant Holder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, "Deliver" means to deliver both the Qualifying Guarantee and the Underlying Obligation. "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 Obligation** means, subject as provided in Credit Linked Condition 5:

- (a) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "(A) Method for Determining Deliverable Obligations" below (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above)) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (b) subject to the second paragraph of the definition of "Not Contingent" in "(A) Method for Determining Deliverable Obligations" below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.
  - (i) **Method for Determining Deliverable Obligations.** For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:
    - I. **Deliverable Obligation Category** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference

Obligations Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).

II. **Deliverable Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:

(i) **Not Contingent** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Deliverable Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (x) to convert or exchange such obligation or (y) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in paragraphs (x) and (y) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;

(ii) **Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;

(iii) **Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;

(iv) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Bank is capable of creating, or procuring the creation of, a contractual right in favour of each Holder that provides each Holder with recourse to the

participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Holder and either (A) the Bank (to the extent that the Bank is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (v) **Transferable** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, Provided That none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (vi) **Maximum Maturity** means an obligation that has a remaining maturity from the Credit Event Redemption Date of not greater than the period specified in the applicable Final Terms;
- (vii) **Accelerated or Matured** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (viii) **Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

(ii) Interpretation of Provisions

- I. If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- II. if (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the Final Terms shall be

construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;

- III. if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- IV. in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
- (a) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (b) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (x) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (y) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (c) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.

- (d) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (e) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (f) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Terms and Conditions) when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

**Deliverable Obligation Provisions** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**Deliverable Obligation Terms** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**Delivery Date** means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

**Domestic Currency** means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**Downstream Affiliate** means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

**Due and Payable Amount** means, subject as provided in sub-paragraph (d) of paragraph (ii) (*Interpretation of Provisions*) in the definition of "Deliverable Obligation", the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).



**Eligible Transferee** means:

- (a) any:
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below; and
  - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),provided, however, that in each case such entity has total assets of at least US\$500 million;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least US\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least US\$100 million; or
  - (ii) that has total assets of at least US\$500 million; or
  - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); or
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to US\$ include equivalent amounts in other currencies.

**Enabling Obligation** means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Termination Notice Date and following the Limitation Date immediately preceding the Scheduled Termination Notice Date (or, in circumstances where the Scheduled Termination Notice Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**Equity Securities** means:

- (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**Exchangeable Obligation** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Excluded Deliverable Obligation** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**Excluded Obligation** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**Exercise Cut-off Date** means, with respect to a Credit Event:

- (a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred with respect to the relevant Notes for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms), either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,as applicable; or
- (b) if such Credit Event is a Restructuring for purposes of the relevant Notes for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
  - (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

**Extension Date** means the latest of (a) the Scheduled Termination Notice Date; (b) the Grace Period Extension Date if (i) "Grace Period Extension" is specified as applying in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix

Supplement), Tokyo time)); and (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

**Failure to Pay** means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

**Final List** has the meaning set out in the Rules.

**Final Price** means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Holder at the specified office of the Principal Paying Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**First Reference Entity** has the meaning given in the definition of Conditions to Settlement.

**Full Quotation** means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**Fully Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Fully Transferable Obligation". For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Bank or 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.

**Grace Period** means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, 30 calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; Provided That, unless Grace Period Extension is specified as applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Termination Notice Date.

**Grace Period Business Day** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**Grace Period Extension Date** means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)),

the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

**ISDA** means the International Swaps and Derivatives Association, Inc.

**Latest Maturity Restructuring Bond or Loan** has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

**Limitation Date** means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **2.5-year Limitation Date**), 5 years (the **5-year Limitation Date**), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the **20-year Limitation Date**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless it is specified in the applicable Final Terms that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

**Market Value** means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**Merger Event** means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Termination Notice Date, the Bank, or a Reference Entity (any such entity, the **Mergor**) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Bank, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Bank, or the Bank and a Reference Entity become Affiliates.

**Minimum Quotation Amount** means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) US\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**Modified Eligible Transferee** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**Modified Restructuring Maturity Limitation Date** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Notice Date, Provided That, in circumstances where the Scheduled Termination Notice Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Where "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and the Scheduled Termination Notice Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Termination Notice Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and

on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Termination Notice Date is later than (A) the 2.5 year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Termination Notice Date.

**Movement Option** means, where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, and where a No Auction Announcement Date has occurred pursuant paragraph (b) of the definition of No Auction Announcement Date, the option of the Bank to apply to the Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could be specified in any Calculation Agent Physical Settlement Notice (Provided That if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no effective Notice to Exercise Movement Option is delivered by the Bank on or prior to the Movement Option Cut-off Date, the Notes will be settled in accordance with Credit Linked Condition 5. If an effective Notice to Exercise Movement Option is delivered by the Bank on or prior to the Movement Option Cut-off Date, such event will be notified to Holders in accordance with Notes Condition 13.

**Movement Option Cut-off Date** means the date that is six Relevant City Business Days following the Exercise Cut-off Date.

**No Auction Announcement Date** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**Notice Delivery Period** means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

**Notice of Publicly Available Information** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Bank (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both paragraphs (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

**Notice to Exercise Movement Option** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and

Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and (b) cash settlement pursuant to Credit Linked Condition 5 would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Bank to the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**Obligation** means:

- (a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);
- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

**Method for Determining Obligations.** For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (i) **Obligation Category** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
  - I. **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - II. **Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - III. **Reference Obligations Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - IV. **Bond** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - V. **Loan** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and

- VI. **Bond or Loan** means any obligation that is either a Bond or a Loan;
- (ii) **Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
- I. (a) **Not Subordinated** means an obligation that is not Subordinated to (1) the most senior Reference Obligation in priority of payment or, (2) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; Provided That, if any of the events set forth under paragraph (a) of the definition of Substitute Reference Obligation has occurred with respect to all of the Reference Obligations or if the final paragraph of the definition of Successor is applicable with respect to the Reference Obligation (each, in each case, a **Prior Reference Obligation**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;
- (b) **Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
- (c) **Credit Linked Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if "Credit Linked Specified Currency" is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of



America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the **Standard Specified Currencies**).

- II. **Not Sovereign Lender** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt".
- III. **Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency.
- IV. **Not Domestic Law** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

**Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

**Not Domestic Issuance** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

**Obligation Acceleration** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event 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 Currency** means the currency or currencies in which the Obligation is denominated.

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

**Outstanding Principal Balance** means, subject as provided in sub-paragraph (3)(c) of paragraph (ii) (*Interpretation of Provisions*) in the definition of Deliverable Obligation:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, **Outstanding Principal Balance** shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Overnight Rate** means, in respect of any day in an Additional Amount Period:

- (i) where the Specified Currency is euro, a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on Reuters Page EONIA (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day, if that day is a day on which the TARGET 2 System is open, or otherwise in respect of the day on which the TARGET 2 System is open immediately preceding a day on which the TARGET 2 System is open;
- (ii) where the Specified Currency is USD, a reference rate equal to the rate set forth in H.15 (519) for that day opposite the caption "Federal Funds (effective)", as such rate is displayed on Reuters Screen FEDFUNDS1 (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day;
- (iii) where the Specified Currency is Russian roubles, a reference rate equal to overnight MOSPRIME and appearing on Reuters Page MOSPRIME= (or such other source, including any successor to such page or service, as the Calculation Agent shall determine appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day; or
- (iv) where the Specified Currency is a currency other than USD or EUR, the Overnight Rate specified in the applicable Final Terms.

As used herein, 'H.15 (519)' means the weekly statistical release designated as such, or any successor publication published by the Federal Reserve System Board of Governors, available through the worldwide website of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15>, or any successor site or publication.

**Parallel Auction** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**Parallel Auction Cancellation Date** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**Parallel Auction Final Price Determination Date** means "Auction Final Price Determination Date" as defined in the relevant Parallel Auction Settlement Terms.

**Parallel Auction Settlement Date** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**Parallel Auction Settlement Terms** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction, and (ii) the Reference Transaction would not be an Auction Covered Transaction Provided That if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

**Payment Requirement** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, US\$1,000,000, or its equivalent as calculated by the Calculation Agent in the

relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**Permissible Deliverable Obligations** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**Permitted Currency** means (i) 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 (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's Rating Services, 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's Limited, or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings Ltd or any successor to the rating business thereof.

**Potential Credit Event** means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred Provided That any such determination made by a Credit Derivatives Determinations Committee will be binding on the Calculation Agent.

**Potential Failure to Pay** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

**Potential Repudiation/Moratorium** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**Public Source** means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**Publicly Available Information** means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
  - (i) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information Provided That, if either the Calculation Agent, the Bank or any of their respective Affiliates and/or agents is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either

the Calculation Agent, the Bank, or any of their Affiliates and/or agents is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

- (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
  - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
  - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;
- (b) in the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Bank a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation;
- (c) in relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information;
- (d) Publicly Available Information need not state:
- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) has met the subjective criteria specified in certain Credit Events;

**Qualifying Affiliate Guarantee** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**Qualifying Guarantee**" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**) and that is not at the time of the Credit Event Subordinated to any unsecured Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial

guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

**Qualifying Participation Seller** means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**Quotation** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day. If no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (b)
  - (i) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest.
  - (ii) If "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest.
  - (iii) If neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine, based on the then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**Quotation Amount** means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount (or its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**Quotation Dealer** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**Quotation Method** means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

**Bid** means that only bid quotations shall be requested from Quotation Dealers;

**Offer** means that only offer quotations shall be requested from Quotation Dealers; or

**Mid-market** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for the purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**Reference Entity** means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity either (a) identified pursuant to the definition of "Successor" in Credit Linked Condition 2 on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Series.

**Reference Obligation** means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**Reference Transaction** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as in respect of the Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the applicable Final Terms) or (ii) if and to the extent Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Termination Notice Date of the Notes and (c) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Bank's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

**Relevant City Business Day** has the meaning set out in the Rules.

**Relevant Obligations** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates and/or its agents, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available (or is filed) precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**Repudiation/Moratorium** means the occurrence of both of the following events:

- (a) 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 of not less than the Default Requirement; or
  - (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Notice Date.

**Repudiation/Moratorium Evaluation Date** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Notice Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium Provided That, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Termination Notice Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**Repudiation/Moratorium Extension Condition** will be satisfied: (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Notice Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for purposes of a Series has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or, if Credit Linked Condition 9(y) applies, the Postponed Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (ii) otherwise, by the delivery by the Calculation Agent to the Bank of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Termination Notice Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Notice Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of a Series with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for

purposes of a Series has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

**Repudiation/Moratorium Extension Notice** means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or by telephone) from the Calculation Agent to the Bank (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**Resolve** has the meaning set out in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

**Restructuring** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date applicable to a Series and (ii) the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency;

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;



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

For the purposes of the definition of Restructuring and Credit Linked Condition 11, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (a) to (e) above of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**Restructuring Date** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**Restructuring Maturity Limitation Date** means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Notice Date, Provided That, in circumstances where the Scheduled Termination Notice Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **Latest Maturity Restructured Bond or Loan**) and the Scheduled Termination Notice Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Termination Notice Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Termination Notice Date.

**Rules** has the meaning given to that term in the definition of "Credit Derivatives Determinations Committee" above.

**Scheduled Termination Notice Date** means the day falling two Business Days immediately preceding the Scheduled Maturity Date.

**Settlement Currency** means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Notes.

**Settlement Method** means, if (a) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Auction Settlement or (b) Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Cash Settlement.

**Sovereign** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

**Sovereign Agency** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**Sovereign Restructured Deliverable Obligation** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to sub-paragraph (d)(ii)III of paragraph (ii) "*Interpretation of Provisions*" in the definition of "Deliverable Obligation", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**Specified Number** means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

**Substitute Reference Obligation** means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
  - (i) a Reference Obligation is redeemed in whole; or
  - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the payment obligations of the Bank and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, if so selected at the discretion of the Calculation Agent, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent

determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is selected or available shall cease to be a Reference Obligation.

- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation may at the sole discretion of the Calculation Agent be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available, or for which the Calculation Agent in its discretion determines not to select a Substitute Reference Obligation, will cease to be a Reference Obligation.
- (e) If:
  - (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for any of the Reference Obligations; or
  - (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent may continue to attempt to identify a Substitute Reference Obligation until the Extension Date although the Calculation Agent is not obliged to select a Substitute Reference Obligation at any time. If (A) either (i) Cash Settlement is specified as the Settlement Method in the applicable Final Terms (or is applicable as the fallback settlement method pursuant to Credit Linked Condition 4 below) and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or (ii) Auction Settlement is specified as the Settlement Method in the applicable Final Terms and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), a Substitute Reference Obligation has not been identified, the Bank shall have the right on or after the Extension Date to early redeem the Notes at the Early Redemption Amount (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption) by notice to Holders in accordance with Note Condition 13.

- (f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**Succession Event** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, de-merger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or

other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, de-merger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) applicable to the relevant Series.

**Succession Event Backstop Date** means (i) for purposes of any event that constitutes a Succession Event for purposes of the relevant Notes, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Bank not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless specified in the applicable Final Terms that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

**Succession Event Notice** means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Bank that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

**Succession Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event for purposes of a Series has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**Successor** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (iv) if one or more entities each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (b) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assume(s) any of the obligations of such Reference Entity.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the occurrence of the relevant Succession Event), and with effect from the

legally effective date of the occurrence of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable; Provided That the Calculation Agent will not make any such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above and paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date (in the case of a Reference Entity that is not a Sovereign) or (b) above and paragraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date (in the case of a Sovereign Reference Entity) are satisfied in accordance with the Rules (until such time (if any) that ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Holders at the specified office of the Fiscal Agent.

Where pursuant to paragraph (a)(iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment and notifying the Bank of such adjustment, the Bank shall give notice as soon as practicable to the Holders in accordance with Notes Condition 13 stating the adjustment to the Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of "Successor", "succeed" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (i) a Reference Obligation is specified in the applicable Final Terms; and
- (ii) one or more Successors to the Reference Entity have been identified; and
- (iii) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, in the case of First to Default Credit Linked Notes, Nth-to-Default Credit Linked Notes and Portfolio Credit Linked Notes, where one or more Reference Entities (each an **Affected Reference Entity**) and/or the Bank would, but for this provision, be identified as a Successor pursuant thereto and at least one other entity which is not a Reference Entity is also identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Bank, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an **Affected Reference Entity**) and/or the Bank would, but for this provision, be identified as a Successor pursuant thereto but no other entities which are not Reference Entities are identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Bank, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes and, in respect of each Affected Reference Entity or the Bank, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant Succession Event and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant Succession Event. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, then: (i) no Successor shall be appointed; (ii) the Affected Reference Entity to which the relevant Succession Event relates shall be deemed to have ceased to be a Reference Entity; (iii) that portion of any interest payable which is referable to the purchase of credit protection purchased by the Bank under the Notes in respect of the Affected Reference Entity shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion; and (iv) the Calculation Agent may make such adjustments to the Conditions and/or the applicable Final Terms to account for the Successor Associated Costs, which may include, without limitation, reducing the Final Redemption Amount, Credit Event Redemption Amount by an amount equal to the Successor Associated Costs, in each case with effect from the date determined by the Calculation Agent to be the date on which the relevant Succession Event was effective.

Where:

**Alternative Reference Entity** means an entity which satisfies both the Industry Requirement and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

**Alternative Reference Obligation** means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity to which the Succession Event relates;

**Industry Requirement** means an entity that is in the same industry group specified by Moody's Investor Service, Inc. or any successor to the rating business thereof or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof as the Reference Entity to which the relevant Succession Event relates, as determined by the Calculation Agent in its sole and absolute discretion;

**Spread** means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Event and ending on the Maturity Date and with the Reference Obligation(s) specified in the applicable Final Terms; and

**Spread Requirement** means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity to which the relevant Succession Event relates, immediately prior to the relevant Succession Event as determined by the Calculation Agent in its sole and absolute discretion.

**Successor Associated Costs** means an amount per nominal amount of Notes equal to the Calculation Amount (which may not be less than zero) equal to such Notes' *pro rata* share of the total amount of any and all costs and losses associated with or incurred by the Bank and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Bank and/or any Affiliate in connection with unwinding any funding relating to the Notes and/or any hedge positions (including without limitation, any derivative transaction) relating to the Notes, and any related costs due to costs or losses being incurred prior to the maturity or settlement of the Notes, all as determined by the Calculation Agent in its sole discretion.

**Supranational Organisation** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

**Trade Date** means the date specified as such in the applicable Final Terms.

**Transaction Auction Settlement Terms** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction.

**Triggering Reference Entity** has the meaning given in Credit Linked Condition 3.

**Unwind Costs** means the amount specified in the applicable Final Terms or if "Standard Unwind Costs" are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including, without limitation, loss of funding and break funding charges and fees), tax and duties incurred by the Bank and/or any of its Affiliates and/or agents in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes equal to the Calculation Amount.

**Valuation Date** means where Cash Settlement is specified as applying in the applicable Final Terms, if "Single Valuation Date" is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, five Business Days after the satisfaction of all Conditions to Settlement (or, if "Cash Settlement" is applicable as the fallback settlement method pursuant to Credit Linked Condition 4 below, the date that is the number of Business Days specified in the applicable Final Terms or, if the number of Business Days is not so specified, five Business Days after the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:

- (a) subject to Credit Linked Condition 10, the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the satisfaction of all Conditions to Settlement (or if Cash Settlement is applicable as the fallback settlement method pursuant to Credit Linked Condition 4 below, the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and
- (b) each successive date that is the number of Business Days specified in the applicable Final Terms or, if the number of Business Days is not so specified, five Business Days after the date



on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

**Valuation Method:**

- (a) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:

**Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or

**Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

- (b) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (c) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:

**Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

**Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

**Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

- (d) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (e) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:

**Blended Market** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or

**Blended Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

- (f) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (g) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:

**Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or

**Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

- (h) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.
- (i) Notwithstanding paragraphs (a) to (h) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**Valuation Time** means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**Voting Shares** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**Weighted Average Quotation** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

### 3. **Redemption of Credit Linked Notes**

Unless previously redeemed or purchased and cancelled and subject as provided in Credit Linked Condition 4 and Credit Linked Condition 5, as applicable, each nominal amount of Credit Linked Notes equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Bank at its relevant Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the Specified Currency on the Maturity Date.

Where the Notes are First-to-Default Credit Linked Notes, if Conditions to Settlement are satisfied in relation to any of the specified Reference Entities, then the Notes will be settled in accordance with Credit Linked Condition 4 or Credit Linked Condition 5 below as applicable in relation only to the First Reference Entity (as defined in the definition of Conditions to Settlement).

Where the Notes are Nth-to-Default Credit Linked Notes, if Conditions to Settlement are satisfied in relation to one or more of the specified Reference Entities, notwithstanding any provision to the contrary in these Credit Linked Conditions, no settlement in accordance with Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, below will occur until such time as Conditions to Settlement are satisfied in respect of the Relevant Number of Reference Entities (a **Trigger**). The Reference Entity in respect of which Conditions to Settlement being satisfied causes the Trigger to occur is referred to as the **Triggering Reference Entity** and the **Relevant Number** is the number specified as such in the applicable Final Terms. As of the day on which the Calculation Agent determines that Conditions to Settlement have been satisfied in respect of the Relevant Number of

References Entities then Credit Linked Condition 4 or Credit Linked Condition 5, as applicable below shall apply in relation only to the Triggering Reference Entity.

Where the Notes are Portfolio Credit Linked Notes, if Conditions to Settlement are satisfied in relation to one or more of the specified Reference Entities then notwithstanding anything to the contrary in the Credit Linked Conditions, no settlement in accordance with Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, below will occur. Unless purchased and cancelled or otherwise redeemed early, each nominal amount of Portfolio Credit Linked Notes equal to the Calculation Amount will be redeemed by the Bank at the relevant Final Redemption Amount set out in the applicable Final Terms which will take into account the number of Reference Entities in respect of which Conditions to Settlement have been satisfied. For these purposes Conditions to Settlement may only be satisfied once in respect of each Reference Entity and it should be noted that specific provisions apply for the purposes of determining any Successor as set out in the definition of "Successor" in Credit Linked Condition 2.

For the avoidance of doubt the provisions of Credit Linked Condition 6, 7, 8, 9 and 10 will each apply to Portfolio Credit Linked Notes meaning that the Maturity Date may be delayed beyond the Scheduled Maturity Date in certain circumstances.

In the case of Portfolio Credit Linked Notes, each Note will bear interest pursuant to and in accordance with Note Condition 4, provided that for the purposes of determining the interest amounts in respect of Portfolio Credit Linked Notes, where Portfolio Linked Interest Adjustment is specified as "Applicable" in the applicable Final Terms, the outstanding nominal amount of each Note (or, in the case of Condition 4B.05(ii) or the definition of "Additional Interest Amount" in Credit Linked Condition 2, the Calculation Amount) shall be deemed to be the Adjusted Outstanding Nominal Amount on the relevant Interest Payment Date or the relevant date for payment pursuant to Credit Linked Conditions 6, 7, 8 or 9.

For these purposes **Adjusted Outstanding Nominal Amount** means, on any Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8 or 9 (1) the Calculation Amount minus (2) the product of (a) the Calculation Amount and (b) a fraction with (i) the number of Reference Entities in respect of which Conditions to Settlement have been satisfied on or prior to the relevant Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8 or 9, as the case may be, as the numerator and (ii) the original number of Reference Entities to which the Portfolio Credit Linked Notes relate as of the first Issue Date of the Portfolio Credit Linked Notes (as denominator).

#### **4. Auction Settlement**

If Conditions to Settlement are satisfied then, where Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Bank shall give notice (such notice an **Auction Settlement Notice**) to the Holders in accordance with Notes Condition 13 and, subject to any adjustment in accordance with Credit Linked Condition 12, redeem, all but not some only of the Notes and pay in respect of each nominal amount of Notes equal to the Calculation Amount set out in the applicable Final Terms, the Credit Event Redemption Amount in the relevant Specified Currency on the Credit Event Redemption Date.

Unless settlement has occurred in accordance with the above paragraph, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date, the Bank has not exercised the Movement Option), (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in paragraphs (a) and (b) of the

definition of Credit Event Resolution Request Date, (d) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date or (e) a Credit Event Determination Date was determined pursuant to paragraph (b)(ii)(A) or (b)(ii)(B) of the definition of Credit Event Determination Date, then the Bank shall redeem the Notes in accordance with Credit Linked Condition 5 below.

*If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Credit Linked Condition 4, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Bank shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Credit Linked Note. Any shortfall shall be borne by the Holders and no liability shall attach to the Bank.*

## **5. Cash Settlement**

If a Credit Event occurs and Conditions to Settlement are satisfied then where Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms or if settlement pursuant to this Credit Linked Condition 5 applies pursuant to the terms of Credit Linked Condition 4 above, the Bank shall give notice (such notice a **Cash Settlement Notice**) to the Holders in accordance with Notes Condition 13 and redeem, all but not some only of the Notes, and pay in respect of each nominal amount of Credit Linked Notes equal to the Calculation Amount set out in the applicable Final Terms, the Credit Event Redemption Amount in the relevant Specified Currency on the Credit Event Redemption Date.

*If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Credit Linked Condition 5, upon payment of the Credit Event Redemption Amount in respect of the Notes, the Bank shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Credit Linked Note. Any shortfall shall be borne by the Holders and no liability shall attach to the Bank.*

## **6. Repudiation/Moratorium Extension**

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Credit Linked Condition 6 shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Notice Date or, if Credit Linked Condition 9(y) applies, the Postponed Maturity Date (as defined in Credit Linked Condition 7 below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Termination Notice Date, then the Calculation Agent shall notify the Holders in accordance with Notes Condition 13 that a Potential Repudiation/Moratorium has occurred and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - I. each nominal amount of Notes equal to the Calculation Amount will be redeemed by the Bank by payment of the Final Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date; and

- II. in the case of interest bearing Notes, the Bank shall be obliged (x) to pay interest calculated as provided in Notes Condition 4, in respect of the Interest Period immediately preceding or (as the case may be) ending on the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the Repudiation/Moratorium Evaluation Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amounts in respect of interest shall be payable; or
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply.

## 7. Grace Period Extension

If "Grace Period Extension" is specified as applicable in the applicable Final Terms, the provisions of this Credit Linked Condition 7 shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) (and such Grace Period(s) is/are continuing as at the Scheduled Termination Notice Date), then the Calculation Agent shall notify the Holders in accordance with Notes Condition 13 that a Potential Failure to Pay has occurred and:

- (i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - I. each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Bank by payment of the Final Redemption Amount on the second Business Day following the Grace Period Extension Date; and
  - II. in the case of interest bearing Notes, the Bank shall be obliged (x) to pay interest calculated as provided in Notes Condition 4 in respect of the Interest Period immediately preceding or (as the case may be) ending on the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the Grace Period Extension Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Grace Period Extension Date and no further or other amounts in respect of interest shall be payable; or
- (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Notes.

## 8. Credit Derivatives Determinations Committee Extension

If, in the determination of the Calculation Agent, a Credit Event Resolution Request Date or a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate

or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) then the Calculation Agent shall notify Holders in accordance with Notes Condition 13 that the Maturity Date has been postponed to a date (the **DC Cut-off Date**) being the earliest of: (i) 15 Business Days following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the second Business Day following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred and (iii) 15 Business Days following the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred and:

- (i) where a Credit Event has not occurred on or prior to the DC Cut-off Date:
  - I. each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Bank by payment of the Final Redemption Amount on the second Business Day following the DC Cut-off Date; and
  - II. in the case of interest bearing Notes, the Bank shall be obliged (x) to pay interest calculated as provided in Notes Condition 4, in respect of the Interest Period immediately preceding or (as the case may be) ending on the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the DC Cut-off Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the DC Cut-off Date and no further or other amounts in respect of interest shall be payable; or
- (ii) where a Credit Event has occurred on or prior to the DC Cut-off Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Notes.

## 9. Maturity Date Extension in the case of Credit Linked Notes

The following provisions of this Credit Linked Condition 9 apply to Credit Linked Notes:

Without prejudice to Credit Linked Condition 10, if:

- (x) on (A) the Scheduled Termination Notice Date, (B) if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the applicable Final Terms, the Grace Period Extension Date, (D) if applicable, the DC Cut-off Date or (E) the last day of the Notice Delivery Period, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (y) on the Scheduled Termination Notice Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Holders in accordance with Notes Condition 13 that the Maturity Date, the Scheduled Termination Notice Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date and/or the DC Cut-off Date, as the case may be, has been postponed to a date (such date the **Postponed Maturity Date**) specified in such notice falling 15 Business Days after the previous Scheduled Maturity Date, Repudiation/Moratorium Evaluation Date or Grace Period Extension Date or DC Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day and

where:

- (i) in the case of Credit Linked Condition 9(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of Credit Linked Condition 9(y), the

Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

- (A) subject as provided below each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Bank by payment of the Final Redemption Amount on the second Business Day following the Postponed Maturity Date; and
  - (B) in the case of interest bearing Notes, the Bank shall be obliged (x) to pay interest calculated as provided in Notes Condition 4 in respect of the Interest Period immediately preceding or (as the case may be) ending on the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each Note and the Additional Amount Period ending on (but excluding) the Postponed Maturity Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Postponed Maturity Date and no further or other amounts in respect of interest shall be payable; or
- (ii) where:
- (A) in the case of Credit Linked Condition 9(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Notes; or
  - (B) in the case of Credit Linked Condition 9(y) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 5 shall apply to the Credit Linked Notes.

## 10. Settlement Suspension

### (a) Suspension

Without prejudice to Credit Linked Condition 9, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the Maturity Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the Calculation Agent may at its option determine that the applicable timing requirements of these Credit Linked Conditions and the definitions of Credit Event Redemption Date, Valuation Date and any other Credit Linked Condition as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended (such period of suspension, a **Suspension Period**) until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Notes Conditions and these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

(b) Interest

In the case of interest bearing Notes, the Bank shall be obliged to pay interest calculated in accordance with Notes Condition 4 Provided That:

- (i) if a Suspension Period pursuant to Credit Linked Condition 10(a) above falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period pursuant to Credit Linked Condition 10(a) above, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Payment Day and no later than the fifth Payment Day following the end of the Suspension Period, all subject to the provisions of Notes Condition 4 and Credit Linked Conditions 6, 7 and 8.

**11. Redemption following a Merger Event**

If this Credit Linked Condition 11 is specified as applicable in the applicable Final Terms, other than in the case of First to Default Credit Linked Notes or Nth-to-Default Credit Linked Notes, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Bank may give notice to the Holders in accordance with Notes Condition 13 and redeem, all but not some only of the Notes and pay in respect of each nominal amount of the Notes equal to the Calculation Amount, the Merger Event Redemption Amount on the Merger Event Redemption Date.

**12. Credit Event Notice after Restructuring Credit Event**

If this Credit Linked Condition 12 is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in the Terms and Conditions, upon the occurrence of a Restructuring with respect to a Series for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms:

- (A) in the case of Credit Linked Notes;
  - (i) the Calculation Agent may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth an amount (the **Partial Redemption Amount**) that may be less than the principal amount outstanding of each Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
  - (ii) For the avoidance of doubt (A) the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such Note as provided in Notes Condition 4 or, if applicable, the Adjusted Outstanding Nominal Amount (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such principal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable to Holders under the relevant Series, the



Calculation Agent will (i) determine such adjustment(s) to these Credit Linked Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 12 and (ii) the effective date of such adjustment(s).

(iii) If the provisions of this Credit Linked Condition 12 apply in respect of the Notes, on redemption of part of each such Note the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(B) in addition, in the case of First-to-Default Credit Linked Notes:

Once the Conditions to Settlement have been satisfied in respect of the First Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(C) in addition, in the case of Nth-to-Default Credit Linked Notes:

Once the Conditions to Settlement have been satisfied in respect of the Triggering Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

### **13. Provisions relating to Multiple Holder Obligation**

If this Credit Linked Condition 13 is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "Restructuring" in Credit Linked Condition 2 shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**Multiple Holder Obligation** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

### **14. Provisions taken from the ISDA supplement titled "Additional Provisions for Physically Settled Default Swaps - Monoline Insurer as Reference Entity (January 2005)"**

If this Credit Linked Condition 14 is specified as applicable in the applicable Final Terms, the following provisions will apply:

(a) **Obligation and Deliverable Obligation.** Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 2 and paragraph (a) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".

(b) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 will apply, with references to the "Qualifying Guarantee", the "Underlying Obligation" and the "Underlying Obligor" deemed to include the "Qualifying Policy", the "Insured Instrument" and the "Insured Obligor", respectively, except that:

- (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in these Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;
- (ii) references in the definitions of "Assignable Loan" and "Consent Required Loan" to "the "guarantor" and "guaranteeing" shall be deemed to include "the "insurer" and "insuring", respectively;
- (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
- (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

For the avoidance of doubt, if Credit Linked Condition 15 is specified as applying in the applicable Final Terms, the amendments to paragraph (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 provided in Credit Linked Condition 15 shall not be construed to apply to Qualifying Policies and Insured Instruments.

- (c) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, Provided That such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Credit Linked Condition 14 is applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.
- (d) Deliver. For the purposes of the definition of "Deliver" in Credit Linked Condition 2, **Deliver** with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Delivery" and "Delivered" will be construed accordingly.
- (e) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Credit Linked Condition 2 is hereby amended by adding "or insurer" after "or guarantor".

- (f) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Credit Linked Condition 2 is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For the purposes of sub-paragraph (a)(ii)(B) of the definition of "Substitute Reference Obligation", references to "the Qualifying Guarantee" and the "Underlying Obligation" shall be deemed to include "the Qualifying Policy" and "the Insured Instrument" respectively.
- (g) Restructuring
- (i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (a) to (e) inclusive of the definition of "Restructuring" in Credit Linked Condition 2 are hereby amended to read as follows:
- "(i) a reduction in the rate or amount or the Instrument Payments in paragraph (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (ii) a reduction in the amount of the Instrument Payments described in paragraph (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in paragraph (A)(x) of the definition thereof or (y) the payment of the Instrument Payments described in paragraph (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
- (iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
- (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency."
- (ii) Paragraph (iii) of the definition of "Restructuring" in Credit Linked Condition 2 is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (iii) The definition of "Restructuring" in Credit Linked Condition 2 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of the definition of "Restructuring" in Credit Linked Condition 2 and if Credit Linked Condition 13 is specified as applying in the applicable Final Terms, for the purposes of

the Credit Linked Conditions the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (e)(i) to (iii) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."

- (h) Fully Transferable Obligation and Conditionally Transferable Obligation. In the event that "Restructuring Maturity Limitation and Fully Transferable Obligation" and/or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applying in the applicable Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition. References in the definition of "Conditionally Transferable Obligation" to the "guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring" respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in the definition of "Restructuring Maturity Limitation Date", shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (i) Other Provisions. For purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 2, references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor" respectively.
- (j) Additional Definitions.

**Qualifying Policy** means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Credit Linked Condition 14) (the **Insured Instrument**) for which another party (including a special purpose entity or trust) is the obligor (the **Insured Obligor**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments)

**Instrument Payments** means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Credit Linked Condition 14(c) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**Certificate Balance** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

**15. Supplement to provisions relating to Qualifying Guarantee and Underlying Obligation**

(a) If this Credit Linked Condition 15 is specified as applicable in the applicable Final Terms, these Credit Linked Conditions shall be amended by:

(i) the deletion of the definition of "Downstream Affiliate" and the substitution of the following therefor:

"**Downstream Affiliate** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.";

(ii) the deletion of paragraphs (ii)IV(b) and (ii)IV(c) of the definition of "Deliverable Obligation", the substitution of the following therefor and the re-numbering of the remaining paragraphs accordingly:

"(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law."; and

(iii) the deletion of the definition of "Qualifying Guarantee" and the substitution of the following therefor:

"**Qualifying Guarantee** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation."

(b) Credit Linked Condition 13 shall be amended by the insertion of the following at the end of the first paragraph thereof:

"Provided That any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) of the definition of "Multiple Holder Obligation" below".

**16. Provisions taken from the ISDA supplement titled Additional Provisions for LPN Reference Entities (published on 3rd October, 2006)**

If this Credit Linked Condition 16 is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:

- (a) provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);
- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 2, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Deliverable Obligation" in Credit Linked Condition 2 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity;

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

**"Reference Obligation** means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a **Markit Published LPN Reference Obligation**), as published by Markit Group Limited, or any successor thereto, which list is as of the Issue Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation."; and

- (e) the following additional definitions shall apply:

**Additional LPN** means any bond issued in the form of a loan participation note (a **LPN**) by an entity (the **LPN Issuer**) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the **Underlying Loan**) or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the **Underlying Finance Instrument**), Provided That (i) either (x) in the event that there is an Underlying Loan with respect to such LPN, the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN, the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Credit Linked Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

**Additional Obligation** means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a **Markit Published LPN Reference Obligation**), as published by Markit Group Limited, or any successor thereto, as of the Trade Date, which list is currently available at <http://www.markit.com/marketing/services.php>.

**First Ranking Interest** means a charge, security interest (or other type of interest having similar effect) (an **Interest**), which is expressed as being "first ranking", "first priority", or similar (**First Ranking**) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

**LPN Reference Obligation** means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

#### **17. Calculation Agent**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to these Credit Linked Conditions and related provisions shall (in the absence of manifest error) be final and binding on the Bank and the Holders and shall be without liability on the part of the Calculation Agent and without the Calculation Agent being obliged to consider the interests of the Bank or the Holders. In performing its duties pursuant to these Credit Linked Conditions, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under these Credit Linked Conditions including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Bank shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

#### **18. Amendment of Credit Linked Conditions in accordance with Market Convention**

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent determines in a commercially reasonable manner are necessary or desirable to reflect or govern market practice for credit derivative transactions. Any amendment made in accordance with this Credit Linked Condition 18 shall be notified to the Holders in accordance with Notes Condition 13.

#### **19. Emerging Market Adjustment/Termination Events**

If "Emerging Market Adjustment/Termination Provisions" are specified as Applicable in the applicable Final Terms then upon the occurrence and/or continuation, in the determination of the Calculation Agent (acting in good faith and in its sole and absolute discretion), of any Emerging Market Adjustment/Termination Event on or before the date on which the Bank's obligations in respect of the Notes are discharged in full, the Bank may, in its sole and absolute discretion, either:

- (a) direct the Calculation Agent to make, in good faith and a commercially reasonable manner, such consequential adjustments to any of the terms of the Notes (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the

relevant Emerging Market Adjustment/Termination Event. Any such adjustments may include, but are not limited to, (i) payments in respect of the Notes being made in the Relevant Currency rather than the Specified Currency, (ii) deduction of an amount equal to any tax, levy, impost, duty, charge, assessment or fee arising pursuant to a Taxation Event from the relevant payment due under the Notes; and/or (iii) non-payment of the amount due under the Notes until the relevant restrictions are lifted; or

- (b) redeem all (but not some only) of the Notes by giving notice to Holders in accordance with Notes Condition 13. If the Notes are so redeemed, the Bank shall pay on a day selected by the Bank, the Emerging Market Termination Amount to each Holder in respect of each nominal amount of Notes equal to the Calculation Amount.

Unless otherwise specified in the applicable Final Terms:

**Custodian** means any custodian which may be utilised by a Reference Investor in connection with holding Obligation(s) or Deliverable Obligation(s).

**Emerging Market Termination Amount** means the amount specified as such or otherwise determined as provided in the applicable Final Terms.

**Emerging Market Adjustment/Termination Event** means any of an Inconvertibility Event, an Ownership Restriction Event, a Settlement/Custodial Event and/or a Taxation Event, in each case if so specified in the applicable Final Terms, and/or any other event or circumstances specified as an "Emerging Market Adjustment/Termination Event" in the applicable Final Terms.

For which purposes:

**Inconvertibility Event** means the occurrence of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor (1) to convert the Relevant Currency into the Specified Currency through customary legal channels; or (2) to effect currency transactions on terms as favourable as those available to residents of the Reference Jurisdiction; or (3) to freely and unconditionally transfer or repatriate any funds (in the Relevant Currency or the Specified Currency) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or between accounts inside the Reference Jurisdiction; or (4) to receive the full value of any cash payment (when converted to the Specified Currency) made under any Obligation(s) or Deliverable Obligation(s) due to the introduction by any Governmental Authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations; in each case when compared to the position on the Trade Date.

**Ownership Restriction Event** means, in the determination of the Calculation Agent (acting in good faith and in its sole and absolute discretion), the occurrence of any event or existence of any condition that has the effect of it being illegal, impossible or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor to purchase, hold, receive, sell, freely transfer or remain the owner of any Obligation(s) or Deliverable Obligation(s) or related Specified Currency amount; in each case when compared to the position on the Trade Date.

**Settlement/Custodial Event** means (1) the occurrence of any event, the existence of any condition or the taking of any action that results, or may result with the passage of time, in the Bankruptcy (as defined in Credit Linked Condition 2 as if references to "Reference Entity" were changed to "Custodian" for these purposes) of any Custodian; or (2) a Custodian (i) fails to perform in a timely manner any or all of its obligations owed to a Reference Investor under any Reference Custodial/Settlement Arrangement, or (ii) fails to take any action when instructed to do so by a Reference Investor pursuant to the terms of any Reference Custodial/Settlement Arrangement, or (iii)



takes any action which is contrary to the terms of any Reference Custodial/Settlement Arrangement; which in each case has the effect of preventing the Bank from (or increasing the cost to the Bank of performing) its obligations under the Notes on any relevant date(s).

**Taxation Event** means as determined on the basis of publicly available information by the Calculation Agent, acting in good faith and in a commercially reasonable manner, the imposition or modification by any tax authority, tax collection agency or governmental agency, howsoever defined, of the Reference Jurisdiction, on or prior to the Maturity Date of any deduction or withholding for on account of any tax, levy, impost, duty, charge, assessment or fee of any nature with respect to any payment to be made on or under (i) any Obligation(s) or Deliverable Obligation(s) (ii) any capital gains resulting from the maturity proceeds or early redemption proceeds of any Obligation(s) or Deliverable Obligation(s) (iii) any spot transaction referencing the Specified Currency or Relevant Currency or (iv) the remittance of the Relevant Currency outside of the Reference Jurisdiction by reason of any change in or amendment to any law of the Reference Jurisdiction (or in application or official interpretation of any such law) in each case irrespective of whether such deduction or withholding for tax will apply to any Obligation(s) or Deliverable Obligation(s) held in any jurisdiction generally or to any Obligation(s) or Deliverable Obligation(s) held in any particular jurisdiction.

**Reference Custodial/Settlement Arrangement** means any formal or informal (express or implied) arrangement, method, means or account type through which a Reference Investor may hold, directly or indirectly, an interest (including a beneficial interest) in any Obligation(s) or Deliverable Obligation(s) and/or any related Specified Currency amount.

**Reference Investor** means any person that holds or wishes to hold any Obligation(s) or Deliverable Obligation(s), which without limitation may include (a) the Bank and/or any of its Affiliates holding such assets for the purposes of hedging the Notes and (b) any trust, special purpose vehicle or account through which the Bank or any of its Affiliates may hold any Obligation(s) or Deliverable Obligation(s) in the Reference Jurisdiction.

**Reference Jurisdiction** means the jurisdiction specified as such in the applicable Final Terms.

**Relevant Currency** means the currency specified as such in the applicable Final Terms.

### **USE OF PROCEEDS**

The proceeds of the issue of each Series of Notes will be used by the Bank for general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of Commission Regulation No. 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## PRO FORMA FINAL TERMS

Set out below is the pro forma Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than [EUR 50,000/EUR 100,000] (or its equivalent in another currency).

[Date]

### SKANDINAVISKA ENSKILDA BANKEN AB (publ)

#### Issue of [Aggregate Nominal Amount of Tranche][Title of Notes] under the Structured Note Programme

[The Information Memorandum referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 47 of Part A below, provided such person is one of the persons mentioned in Paragraph 47 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Bank nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>1</sup>

[The Information Memorandum referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Bank nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>2</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum dated 22 June, 2012 [*refer also to any relevant supplements*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Information Memorandum [as so supplemented]. Full information on the Bank and the offer of the securities is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented]. Copies of the Information Memorandum [as so supplemented] are available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden and copies may be obtained from Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum [relating to the Skandinaviska Enskilda Banken AB (publ) Global Programme for the Continuous Issuance of Medium Term Notes, Capital Contribution Securities and Covered Bonds] dated [*original date*][*refer also to any relevant supplements*] which are incorporated by reference in the

<sup>1</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

<sup>2</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

Information Memorandum dated 22 June, 2012 and are attached hereto. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Information Memorandum dated [●] 2012 [*refer also to any relevant supplements*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Bank and the offer of the securities is only available on the basis of the combination of these Final Terms and the Information Memorandum dated [original date][*refer also to any relevant supplements*] and [●] 2012 [*refer also to any relevant supplements*]. Copies of such Information Memoranda [as so supplemented] are available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden and copies may be obtained from Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.]

[*Consider including the following paragraph for Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes and Credit Linked Notes:*

*No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, 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 Bank or any Dealer.*

*By investing in the Notes each investor represents that:*

- (i) *Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Bank or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Bank or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (ii) *Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*
- (iii) *Status of Parties. Neither of the Bank nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum under Article 16 of the Prospectus Directive.]*

- 1. **Issuer:** Skandinaviska Enskilda Banken AB (publ)
- 2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
- 3. **Specified Currency or Currencies:** [ ]
- 4. **Aggregate Nominal Amount:**  
(i) Series: [ ]  
(ii) Tranche: [ ]
- 5. **Issue Price of Tranche:** [ ] per cent. of the Aggregate Nominal Amount [plus

- accrued interest from [insert date]] (if applicable).
6. (a) **Specified Denominations:** [ ]  
[ ]  
(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required.)  
  
(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State)
- (b) **Calculation Amount:** [ ]  
(Applicable to Notes in definitive form) (If there is only one Specified Denomination, insert that Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. there must be a common factor in the case of two or more Specified Denominations)
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [specify /Issue Date/Not Applicable]  
  
(NB: An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)
8. **Maturity Date:** [Fixed rate – [specify date]/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]][(the **Scheduled Maturity Date**)] [Insert for Credit Linked Notes - subject as provided in Credit Linked Conditions]
9. **Interest Basis:** [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Dual Currency Interest]  
[Index Linked Interest]  
[Equity Linked Interest]  
[Currency Linked Interest]  
[Commodity Linked Interest]  
[Fund Linked Interest]  
[specify other]  
[(further particulars specified below)]
10. **Redemption/Payment Basis:** [Redemption at par]  
[Instalment]  
[Dual Currency Redemption]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
[Currency Linked Redemption]  
[Commodity Linked Redemption]  
[Fund Linked Redemption]  
[Credit Linked Redemption]  
[specify other]

(N.B. If the Final Redemption Amount is other than

100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

11. **Change of Interest Basis or Redemption/Payment Basis:** [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. **Put/Call Options:** [Investor Put]  
[Issuer Call]  
[Not Applicable]  
[(further particulars specified below)]
13. **Status of the Notes:** Senior
14. **Method of distribution:** [Syndicated/Non-syndicated]

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

15. **Fixed Rate Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent, per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 4A.)*
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iii) Interest Period End Date(s): [Each Interest Payment Date]/[specify other]
- (iv) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (v) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date falling in/on [ ]  
*(Applicable to Notes in definitive form.)*  
  
*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (vi) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (vii) Determination Date(s): [ ] in each year  
  
*[Insert regular Interest Period End Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon.] (NB: This will need to be amended in the case of regular Interest Period End Dates which are not of equal duration.)*  
  
*(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. **Floating Rate Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Specified Interest Payment Dates: [ ]
- (ii) Specified Period(s)/Specified Interest Period End Date(s): [ ]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention [specify other]]
- (iv) Additional Business Centre(s): [ ]
- (v) Manner in which the Rate of Interest is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (vi) Party responsible for calculating the Rate of Interest: [Fiscal Agent/Calculation Agent: [name]/other]
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Screen Rate Determination:
- Reference Rate: [ ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Fiscal Agency Agreement)
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (ix) Margin(s): [+/-] [ ] percent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. Per annum
- (xi) Maximum Rate of Interest: [ ] per cent, per annum
- (xii) Day Count Fraction: Actual/ Actual (ISDA) [Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
30E/360  
Other]  
(See Condition 4B.05 for alternatives)
- (xiii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those [ ]

set out in the Conditions:

17. **Zero Coupon Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. Per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5.08(iii) and 5.12 apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*
18. **Dual Currency Interest Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
  - (ii) Party, if any, responsible for calculating the interest payable(if not the Principal Paying Agent): [ ]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
19. **Index Linked Interest Notes** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- [The provisions of Annex 2 of the Terms and Conditions - *Additional Terms and Conditions for Index Linked Notes* shall apply.]
- (i) *Index/Basket of Indices/Index Sponsor(s):* [ ] [give or annex details]  
  
[The [ ] Index is a Multi-Exchange Index]  
[The Index Currency for the [ ] Index is [ ]]
  - (ii) Formula for calculating interest rate including back up provisions (if applicable): [ ]
  - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and the Interest Amount (if not the Principal Paying Agent): [ ]
  - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (v) Specified Interest Payment Dates: [ ]



- (vi) Specified Period(s)/Specified Interest Period End Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
- (viii) Additional Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Averaging: [The Averaging Dates are [ ]].  
[In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (xiii) Index Performance: [Applicable - *[insert formula or other relevant provision]*/Not Applicable]
- (a) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (b) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date/Not Applicable]
- (xiv) Exchange Rate: [Applicable/Not Applicable]  
*[insert details]*
- (xv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. (*N.B. Only applicable in relation to Index Linked Notes relating to a Basket*)
- (xvi) Exchange(s): [ ]
- (xvii) Related Exchange: [ ]/[All Exchanges]
- (xviii) Valuation Date(s): [ ]
- (xix) Valuation Time: [ ]
- (xx) Observation Date(s): [ ]
- (xxi) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to [(and including/but excluding)] [ ]]/[Not Applicable]  
*(N.B. this definition will need to be revised if there is*

- more than one Observation Period)*
- (xxii) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]
- (N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)*
- (xxiii) Trade Date: [ ]
- (xxiv) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:
- [Change in Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- (Delete as appropriate)*
- [Insert if required – The following Index Replacement Criteria shall apply: [specify criteria]]*
- (xxv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 6 apply to the Notes/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Knock-in Determination Day: [ ]
- (b) Knock-in Event and consequences of a Knock-in Event: [ ]
- (c) Knock-in Level: [ ]
- (d) Knock-in Period Beginning Date: [ ]
- (e) Knock-in Period Ending Date: [ ]
- (f) Knock-in Valuation Time: [ ]
- (g) Knock-out Determination Day: [ ]
- (h) Knock-out Event and consequences of a Knock-out Event: [ ]
- (i) Knock-out Level: [ ]
- (j) Knock-out Period Beginning Date: [ ]
- (k) Knock-out Period Ending Date: [ ]
- (l) Knock-out Valuation Time: [ ]
- (m) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]

- (n) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (o) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ]  
(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)
- (xxvi) Trigger Event Provisions: [Applicable/Not Applicable]  
(If not applicable, delete remaining sub-paragraphs of this paragraph)
- (a) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[Trigger Event (Intraday Observation)]  
[specify other and consequences]
- (b) Trigger Event Observation Date: [ ]  
(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)
- (c) Trigger Event Valuation Time: [ ]
- (d) Trigger Percentage: [ per cent.]]
- (e) Trigger Event Strike Level: [ ]
- (f) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (g) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (h) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)
- (xxvii) Other terms or special conditions: [ ]
20. **Equity Linked Interest Notes:** [Applicable/Not Applicable]  
(If not applicable, delete remaining sub-paragraphs of this paragraph)  
[The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.]
- (i) Share(s)/Basket of Share(s): [ ]
- (ii) Formula for calculating interest rate including back up provisions (if applicable): [ ]
- (iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Specified Period(s)/Specified

- Interest Period End Date(s):
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ]
- (ix) Maximum Rate of Interest: [ ]
- (x) Day Count Fraction: [ ]
- (xi) Averaging: [The Averaging Dates are [ ] .]
- (xii) [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (xiii) Share Performance: [Applicable - (insert formula)/Not Applicable]
- (a) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (specify as applicable/other)], as the case may be,] the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (b) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (specify as applicable/other)], as the case may be,] the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date/Not Applicable]
- (xiv) Exchange Rate: [Applicable/Not Applicable]  
(insert details)
- (xv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [ ]. (N.B. Only applicable in relation to Equity Linked Notes relating to a Basket)
- (xvi) Exchange(s): [ ]
- (xvii) Related Exchange: [ ]/[All Exchanges]
- (xviii) Valuation Date(s): [ ]
- (xix) Valuation Time: [ ]
- (xx) Observation Date(s): [ ]
- (xxi) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to [(and including/but excluding)] [ ]/[Not Applicable]  
(N.B. this definition will need to be revised if there is more than one Observation Period)

- (xxii) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated [insert calculation method]  
*(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)*
- (xxiii) Tender Offer: [Applicable/Not Applicable]
- (xxiv) Share Substitution: [Applicable/Not Applicable]  
[If Applicable: Share Substitution Criteria is [ ]]
- (xxv) Local Tax Adjustment: [Applicable/Not Applicable]  
Local Jurisdiction: [ ]
- (xxvi) Trade Date: [ ]
- (xxvii) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Initial Stock Loan Rate: [ ]]  
[Insolvency Filing]  
[Loss of Stock Borrow]  
[Maximum Stock Loan Rate: [ ]]  
*(Delete as appropriate)*
- (xxviii) Knock-in, Knock-out Provisions: [Applicable – the provisions of Equity Linked Condition 12 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Knock-in Determination Day: [ ]
- (b) Knock-in Event and consequences of a Knock-in Event: [ ]
- (c) Knock-in Level: [ ]
- (d) Knock-in Period Beginning Date: [ ]
- (e) Knock-in Period Ending Date: [ ]
- (f) Knock-in Valuation Time: [ ]
- (g) Knock-out Determination Day: [ ]
- (h) Knock-out Event and consequences of a Knock-out Event: [ ]
- (i) Knock-out Level: [ ]

- (j) Knock-out Period Beginning Date: [ ]
- (k) Knock-out Period Ending Date: [ ]
- (l) Knock-out Valuation Time: [ ]
- (m) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (n) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (o) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)*
- (xxix) Trigger Event Provisions: [Applicable – the provisions of Equity Linked Condition 13 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
 [Trigger Event (Closing Observation)]  
 [Trigger Event (Intraday Observation)]  
*[specify other and consequences]*
- (b) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)*
- (c) Trigger Event Valuation Time: [ ]
- (d) Trigger Percentage: [ per cent.]]
- (e) Trigger Event Strike Level: [ ]
- (f) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (g) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (h) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)*
- (xxx) Other terms or special conditions: [ ]
- (xxxi) GDR/ADR Linked Notes: [Applicable/Not Applicable]

21. **Currency Linked Interest Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 4 of the Terms and Conditions - *Additional Terms and Conditions for Currency Linked Notes* shall apply.]
- (i) Base Currency/Subject Currency: [ ]
- (ii) Currency Price: [ ]
- (N.B. Complete only if different from definition contained in Annex 4 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked Notes)*
- [As defined in sub-paragraph [(a)(i)/(a)(ii)] of the definition of "Currency Price" in Currency Linked Condition 2]
- (N.B. Applicable where the Notes relate to a basket of Currencies)*
- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]
- [other]
- (N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)*
- (iv) FX Price Source(s): [ ]
- (v) Specified Financial Centre(s): [ ]
- (vi) Formula for calculating interest rate including back up provisions (if applicable): [ ]
- (vii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (viii) Specified Interest Payment Date(s): [ ]
- (ix) Specified Period(s)/Specified Interest Period End Date(s): [ ]
- (x) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (xi) Additional Business Centre(s): [ ]
- (xii) Minimum Rate of Interest: [ ]
- (xiii) Maximum Rate of Interest: [ ]
- (xiv) Day Count Fraction: [ ]
- (xv) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ]]. [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] shall apply.]

- (xvi) Currency Performance [Applicable - *(insert formula)*/Not Applicable]
- (a) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Reference Exchange Rate having the highest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]
- (b) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable]
- (xvii) Valuation Date(s): [ ]
- (xviii) Valuation Time: [ ]
- (xix) Observation Date(s): [ ]
- (xx) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]  
*(N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [ ].  
*(N.B. Only applicable in relation to Currency Linked Notes relating to a Basket)*
- (xxii) Trigger Event Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[Trigger Event (Intraday Observation)]  
*[specify other and consequences]*
- (b) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Notes are not appropriate)*
- (c) Trigger Event Observation Price: [ ]
- (d) Trigger Event Valuation Time: [ ]



|     |   |   |   |
|-----|---|---|---|
|     | (e)                                     | Trigger Percentage:   | [    per cent.]]  |
|     | (f)                                     | Trigger Event Strike Price:   | [    ]  |
|     | (g)                                     | Trigger Event Observation Date consequences of an FX Disrupted Day:                 | [Omission]][Postponement]   |
|     | (h)                                     | Trigger Event intraday valuation consequences of disruption:                        | [Omission]][Materiality]  |
|     | (i)                                     | Additional Trigger Event Observation Date Disrupted Day provisions:                 | [    ]]<br>(N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)  |
|     | (xxiii)                                 | Other terms or special conditions:  | [    ]  |
| 22. | <b>Commodity Linked Interest Notes:</b> |   | [Applicable/Not Applicable]<br><i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i><br>[The provisions of Annex 5 of the Terms and Conditions – <i>Additional Terms and Conditions for Commodity Linked Notes</i> shall apply.] |
|     | (i)                                     | Commodity/Commodities/Commodity Index/Basket of Commodity Indices:                  | [    ][[which is deemed to be Bullion]][ <i>in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centre(s):</i> [    ]]  |
|     | (ii)                                    | Formula for calculating interest rate including back up provisions (if applicable): | [    ]  |
|     | (iii)                                   | Calculation Agent responsible for making calculations in respect of the Notes:      | [    ]  |
|     | (iv)                                    | Specified Interest Payment Dates:   | [    ]  |
|     | (v)                                     | Specified Period(s)/Specified Interest Period End Dates:                            | [    ]  |
|     | (vi)                                    | Business Day Convention:  | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ <i>specify other</i> ]   |
|     | (vii)                                   | Additional Business Centre(s):  | [    ]  |
|     | (viii)                                  | Minimum Rate of Interest:   | [    ]  |
|     | (ix)                                    | Maximum Rate of Interest:   | [    ]  |
|     | (x)                                     | Day Count Fraction:   | [    ]  |
|     | (xi)                                    | Commodity Reference Price:  | [    ]  |
|     | (xii)                                   | Price Source:   | [    ]  |
|     | (xiii)                                  | Exchange:   | [    ]  |
|     | (xiv)                                   | Delivery Date:  | [    ]  |
|     | (xv)                                    | Pricing Date:   | [    ]  |
|     | (xvi)                                   | Common Pricing:   | [Applicable/Not Applicable] (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)   |

- (xvii) Additional Market Disruption Events: [specify any applicable additional Market Disruption Events]
- (xviii) Additional provisions for Commodity Trading Disruption: [Not Applicable]  
*[If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price]*
- (xix) Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[ ]  
 Commodity Index Cut-Off Date: [ ]
- (xx) Commodity Business Day: [Commodity Linked Condition 2 applies/insert other]
- (xxi) Trade Date: [ ]
- (xxii) Weighting: The weighting to be applied to each item comprising the Basket is [ ]  
*(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
- (xxiii) Specified Price: [high price]  
 [low price]  
 [average of the high price and the low price]  
 [closing price]  
 [opening price]  
 [bid price]  
 [asked price]  
 [average of the bid price and the asked price]  
 [settlement price]  
 [official settlement price]  
 [official price]  
 [morning fixing]  
 [afternoon fixing]  
 [spot price]  
 [other]
- (xxiv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Knock-in Determination Day: [ ]
- (b) Knock-in Event and consequences of a Knock-in Event: [ ]
- (c) Knock-in Level: [ ]
- (d) Knock-in Period Beginning Date: [ ]
- (e) Knock-in Period Ending [ ]

- Date:
- (f) Knock-out Determination Day: [ ]
- (g) Knock-out Event and consequences of a Knock-out Event: [ ]
- (h) Knock-out Level: [ ]
- (i) Knock-out Period Beginning Date: [ ]
- (j) Knock-out Period Ending Date: [ ]
- (k) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (l) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [ ]  
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xxv) Trigger Event Provisions: [Applicable/Not Applicable]  
(*If not applicable, delete remaining sub-paragraphs of this paragraph*)
- (a) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[specify other and consequences]
- (b) Trigger Event Observation Date: [ ]  
(*N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Notes are not appropriate*)
- (c) Trigger Event Observation Period: [ ]
- (d) Trigger Percentage: [ per cent.]]
- (e) Trigger Event Strike Level: [ ]
- (f) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (g) Additional Trigger Event Observation Date Market Disruption Event provisions: [ ]  
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xxvi) Other terms or special conditions: [ ]
23. **Fund Linked Interest Notes:** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)  
[The provisions of Annex 6 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]

- (i) Fund/Basket of Funds: [ ] [[The [ ] Fund is an ETF.]  
 [[The Exchange for each Fund Share: [ ]]  
 [Related Exchange for each Fund Share: [ ]/All Exchanges]]  
 [Underlying Index for each ETF: [ ]]  
 (N.B. Include for ETFs)
- (ii) Fund Interests: [ ]
- (iii) Formula for calculating interest rate including back up provisions (if applicable): [ ]
- (iv) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (v) Specified Interest Payment Dates: [ ]
- (vi) Specified Period(s)/Specified Interest Period End Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (viii) Additional Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Trade Date: [ ]
- (xiii) Valuation Date(s): [ ]
- (xiv) Valuation Time: [ ]
- (xv) Other terms or special conditions: [ ]

## PROVISIONS RELATING TO REDEMPTION

### 24. Issuer Call

[Applicable/Not Applicable]

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

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Higher Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to*

those provided in the Conditions, the Bank is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Bank and the Agent)

25. **Investor Put**

[Applicable/Not Applicable]

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

(i) Optional Redemption Date(s):

[ ]

(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):

[[ ] per Calculation Amount/specify other/see Appendix] [If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]

(iii) Notice period (if other than as set out in the Conditions):

[ ]

(N.B. If setting notice periods which are different to those provided in the Conditions, the Bank is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Bank and the Agent)

26. **Final Redemption Amount**

[[ ] per Calculation Amount/specify other/Not Applicable (For Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Credit Linked Redemption Notes state "Not Applicable" and complete relevant section in paragraphs 28 – 33 below)]

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

27. **Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on an event of default or on an illegality (or, where otherwise required for purposes of any other relevant redemption specified in the Conditions and/or the method of calculating the same (if required or if different from that set out in Condition 5.08):**

[ /Market Value less Associated Costs /Other] per Calculation Amount

(N.B. In the case of Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Credit Linked Notes or where otherwise relevant, consider deducting the cost to the Bank and/or its affiliates of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the Notes)

28. **Index Linked Redemption Notes:**

[Applicable/Not Applicable]

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

[The provisions of Annex 2 of the Terms and Conditions – Additional Terms and Conditions for Index Linked Notes shall apply.]

(i) Index/Basket of Indices/ Index Sponsor(s):

[ ]

[The [ ] Index is a Multi-Exchange Index]  
[The Index Currency for the [ ] Index is [ ]]

(ii) Calculation Agent responsible for making calculations in respect of the Notes:

[ ]

(iii) Final Redemption Amount:

[ ] per Calculation Amount

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

(iv) Averaging:

[The Averaging Dates are [ ].]

[In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]

(v) Index Performance:

[Applicable - *[insert formula or other relevant provision]*/Not Applicable]

(A) Best Performing Index:

[Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date, *(specify as applicable/other)*], as the case may be,] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]

(B) Worst Performing Index:

[Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date *(specify as applicable/other)*], as the case may be,] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date/Not Applicable]

(vi) Exchange Rate:

[Applicable/Not Applicable]

*[insert details]*

(b) Weighting:

The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. *(N.B. Only applicable in relation to Index*

*Linked Notes relating to a Basket*

- (vii) Exchange(s): [ ]
- (viii) Related Exchange: [ ]/[All Exchanges]
- (ix) Valuation Date(s): [ ]
- (x) Valuation Time: [ ]
- (xi) Observation Date(s): [ ]
- (xii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ]to (and including/but excluding) [ ]][Not Applicable]

*(N.B. this definition will need to be revised if there is more than one Observation Period)*

- (xiii) Disrupted Day: If a Valuation Date, an Averaging Date, an Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]

*(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)*

- (xiv) Trade Date: [ ]
- (xv) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
*(Delete as appropriate)*  
[Insert if required – The following Index Replacement Criteria shall apply: [specify criteria]]

- (xvi) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 6 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

(A) Knock-in Determination Day: [ ]

(B) Knock-in Event and consequences of a Knock-in Event: [ ]

- (C) Knock-in Level: [ ]
- (D) Knock-in Period Beginning Date: [ ]
- (E) Knock-in Period Ending Date: [ ]
- (F) Knock-in Valuation Time: [ ]
- (G) Knock-out Determination Day: [ ]
- (H) Knock-out Event and consequences of a Knock-out Event: [ ]
- (I) Knock-out Level: [ ]
- (J) Knock-out Period Beginning Date: [ ]
- (K) Knock-out Period Ending Date: [ ]
- (L) Knock-out Valuation Time: [ ]
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ] *(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (xvii) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
 [Trigger Event (Closing Observation)]  
 [Trigger Event (Intraday Observation)]  
 [specify other and consequences]



- (B) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Notes are not appropriate)*
- (C) Trigger Event Valuation Time: [ ]
- (D) Trigger Percentage: [ per cent.]]
- (E) Trigger Event Strike Level:
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (xviii) Mandatory Early Termination: [Applicable - the provisions of Index Linked Condition 8 apply to the Notes/Not Applicable]  
*(If Not Applicable, delete the following subparagraphs)*
- (A) Mandatory Early Termination Amount: [ ]  
*(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][specify other]
- (C) Mandatory Early Termination Date: [ ]
- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]
- (F) Mandatory Early Termination Rate: [ ]

- (G) Mandatory Early Termination Valuation Date: [ ]  
*(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Index Linked Conditions)*
- (H) Mandatory Early Termination Valuation Time: [ ]
- (xix) Other terms or special conditions: [ ]
29. **Equity Linked Redemption Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
 [The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.]
- (i) Share(s) / Basket of Shares: [ ]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iii) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (iv) Averaging: [The Averaging Dates are [ ]].  
 [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (v) Share Performance: [ ]
- (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]

- (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date]/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]  
[*insert details*]
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [ ]. (*N.B. Only applicable in relation to Equity Linked Notes relating to a Basket*)
- (viii) Exchange(s): [ ]
- (ix) Related Exchange: [ ]/[All Exchanges]
- (x) Valuation Date(s): [ ]
- (xi) Valuation Time: [ ]
- (xii) Observation Date(s): [ ]
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]  
*(N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xiv) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated [*insert calculation method*].  
*(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)*
- (xv) Tender Offer: [Applicable/Not Applicable]
- (xvi) Share Substitution: [Applicable/Not Applicable]  
[If Applicable: Share Substitution Criteria is [ ]]
- (xvii) Local Tax Adjustment: [Applicable/Not Applicable]  
Local Jurisdiction [ ]

- (xviii) Trade Date: [ ]
- (xix) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:
- [Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Initial Stock Loan Rate: [ ]]  
[Insolvency Filing]  
[Loss of Stock Borrow]  
[Maximum Stock Loan Rate: [ ]]  
*(Delete as appropriate)*
- (xx) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 12 apply to the Notes/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Knock-in Determination Day: [ ]
- (B) Knock-in Event and consequences of a Knock-in Event: [ ]
- (C) Knock-in Level: [ ]
- (D) Knock-in Period Beginning Date: [ ]
- (E) Knock-in Period Ending Date: [ ]
- (F) Knock-in Valuation Time: [ ]
- (G) Knock-out Determination Day: [ ]
- (H) Knock-out Event and consequences of a Knock-out Event: [ ]
- (I) Knock-out Level: [ ]
- (J) Knock-out Period Beginning Date: [ ]

- (K) Knock-out Period Ending Date: [ ]
- (L) Knock-out Valuation Time: [ ]
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ] *(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (xxi) Trigger Event Provisions: [Applicable/Not Applicable] *(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
 [Trigger Event (Closing Observation)]  
 [Trigger Event (Intraday Observation)]  
*[specify other and consequences]*
- (B) Trigger Event Observation Date: [ ] *(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Notes are not appropriate)*  
 [ ]
- (C) Trigger Event Valuation Time: [ ]
- (D) Trigger Percentage: [ per cent.]
- (E) Trigger Event Strike Level: [ ]
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]

- (H) Additional Trigger Event [ ]  
 Observation Date Disrupted (N.B. Only applicable where provisions of Index  
 Day provisions: Linked Conditions are not appropriate)
- (xxii) Mandatory Early Termination: [Applicable - the provisions of Index Linked  
 Condition 14 apply to the Notes/Not Applicable]  
 (If Not Applicable, delete the following sub-  
 paragraphs)
- (A) Mandatory Early [ ]  
 Termination Amount: (N.B. Only applicable where provisions of Index  
 Linked Conditions are not appropriate)
- (B) Mandatory Early  
 Termination Calculation  
 Amount: [Each Calculation Amount][specify other]
- (C) Mandatory Early  
 Termination Date: [ ]
- (D) Mandatory Early  
 Termination Event: [ ]
- (E) Mandatory Early  
 Termination Level: [ ]
- (F) Mandatory Early  
 Termination Rate: [ ]
- (G) Mandatory Early [ ]  
 Termination Valuation (N.B. Specify if consequences of a Disrupted Day are  
 Date: other than as provided in the Index Linked  
 Conditions)
- (H) Mandatory Early  
 Termination Valuation  
 Time: [ ]
- (xxiii) Other terms or special conditions: [ ]
- (xxiv) GDR/ADR Linked Notes: [Applicable/Not Applicable]
30. **Currency Linked Redemption Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-  
 paragraphs of this paragraph)
- [The provisions of Annex 4 of the Terms and  
 Conditions – Additional Terms and Conditions for  
 Currency Linked Notes shall apply.]

- (i) Base Currency/Subject Currency: [     ]  
*(where the Notes relate to a Basket of Currencies, state each Base Currency and Subject Currency)*
- (ii) Currency Price: [     ]  
*(N.B. Complete only if different from definition contained in Annex 3 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked Notes)*  
 [As defined in sub-paragraph [(x)/(y)] of the definition of "Currency Price" in Currency Linked Condition 2]  
*(N.B. Applicable where the Notes relate to a basket of Currencies)*
- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]  
 [other]  
*(N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)*
- (iv) FX Price Source(s): [     ]
- (v) Specified Financial Centre(s): [     ]
- (vi) Calculation Agent responsible for making calculations in respect of the Notes: [     ]
- (vii) Final Redemption Amount: [     ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (viii) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [     ].]
- (ix) Currency Performance [Applicable - *(insert formula)*/Not Applicable]
- (A) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Reference Exchange Rate having the highest

Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]

(B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable].

(x) Valuation Date(s): [ ]

(xi) Valuation Time: [ ]

(xii) Observation Date(s): [ ]

(xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]

*(N.B. this definition will need to be revised if there is more than one Observation Period)*

(xiv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [ ].

*(N.B. Only applicable in relation to Currency Linked Notes relating to a Basket)*

(xv) Trigger Event Provisions: [Applicable/Not Applicable]

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

(A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:

[Trigger Event (Closing Observation)]

[Trigger Event (Intraday Observation)]

[specify other and consequences]

(B) Trigger Event Observation Date: [ ]

*(N.B. Only applicable where provisions in the*



*Additional Terms and Conditions for Currency Linked Notes are not appropriate)*

- (C) Trigger Event Observation Price: [ ]
- (D) Trigger Event Valuation Time: [ ]
- (E) Trigger Percentage: [ per cent.]]
- (F) Trigger Event Strike Price: [ ]
- (G) Trigger Event Observation Date consequences of an FX Disrupted Day: [Omission][Postponement]
- (H) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (I) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)*

(xvi) Other terms or special conditions: [ ]

31. **Commodity Linked Redemption Notes:** [Applicable/Not Applicable]

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

[The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Commodity Linked Notes* shall apply.]

(i) Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices: [ ] [which is deemed to be Bullion][*in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centres: [ ]*]

(ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]

(iii) Final Redemption Amount: [ ] per Calculation Amount

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

(iv) Commodity Reference Price: [ ]

- (v) Price Source: [      ]
- (vi) Exchange: [      ]
- (vii) Delivery Date: [      ]
- (viii) Pricing Date: [      ]
- (ix) Common Pricing: [Applicable] [Not Applicable] (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)
- (x) Additional Market Disruption Events: [*specify any additional Market Disruption Events*]
- Additional provisions for Commodity Trading Disruption: [Not Applicable]
- [*If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price*]
- Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[      ]  
[Commodity Index Cut-Off Date: [      ]]
- (xi) Commodity Business Day: [Commodity Linked Condition 2 applies/*insert other*]
- (xii) Trade Date: [      ]
- (xiii) Weighting: The weighting to be applied to each item comprising the Basket is [      ]
- (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)
- (xiv) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]  
[afternoon fixing]  
[spot price]  
[*other*]

(xv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the Notes/Not Applicable]

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

- (A) Knock-in Determination Day: [ ]
- (B) Knock-in Event and consequences of a Knock-in Event: [ ] *(Complete by reference to Commodity Reference Price)*
- (C) Knock-in Level: [ ]
- (D) Knock-in Period Beginning Date: [ ]
- (E) Knock-in Period Ending Date: [ ]
- (F) Knock-out Determination Day: [ ]
- (G) Knock-out Event and consequences of a Knock-out Event: [ ] *(Complete by reference to Commodity Reference Price)*
- (H) Knock-out Level: [ ]
- (I) Knock-out Period Beginning Date: [ ]
- (J) Knock-out Period Ending Date: [ ]
- (K) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable] [Materiality]
- (L) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [ ] *(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*

(xvi) Trigger Event Provisions: [Applicable/Not Applicable]

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

- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[specify other and consequences]
- (B) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Notes are not appropriate)*
- (C) Trigger Event Observation Period: [ ]
- (D) Trigger Percentage: [ per cent.]]
- (E) Trigger Event Strike Level: [ ]
- (F) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][ Market Disruption Applicable]  
[Materiality]
- (G) Additional Trigger Event Observation Date Market Disruption Event provisions: [ ]  
*(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (xvii) Mandatory Early Termination: [Applicable - the provisions of Commodity Linked Condition 8 apply to the Notes/Not Applicable]  
*(If Not Applicable, delete the following subparagraphs)*
- (A) Mandatory Early Termination Amount: [ ]  
*(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (B) Mandatory Early Termination Calculation Amount: [The Calculation Amount][specify other]
- (C) Mandatory Early Termination Date: [ ]
- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]

- (F) Mandatory Early Termination Rate: [ ]
- (G) Mandatory Early Termination Valuation Date: [ ]  
*(N.B. Specify if consequences of a Market Event Disruption are other than as provided in the Commodity Linked Conditions)*
- (xviii) Other terms or special conditions: [ ]
32. **Fund Linked Redemption Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
 [The provisions of Annex 6 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) Fund/Basket of Funds: [ ]  
 [[The [ ] Fund is an ETF]  
 [Exchange for each Fund Share: [ ]]  
 [Related Exchange for each Fund Share: [ ] /All Exchanges]]  
 [Underlying Index: [ ]]  
*(N.B. Include for ETFs)*
- (ii) Fund Interest(s): [ ]
- (iii) Calculation Agent responsible for making calculation in respect of the Notes: [ ]
- (iv) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (v) Trade Date: [ ]
- (vi) Valuation Date(s): [ ]
- (vii) Valuation Time: [ ]

- (viii) Other terms or special conditions: [       ]
33. **Credit Linked Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- [The provisions of Annex 7 of the Terms and Conditions – *Additional Terms and Conditions for Credit Linked Notes* shall apply.]
- (i) Final Redemption Amount: [       ] per [Calculation Amount]
- [in the case of Portfolio Credit Linked Notes insert: An amount in the Specified Currency per Calculation Amount equal to the product of (a) the Calculation Amount and (b) one minus a fraction with (i) the number of Reference Entities in respect of which Conditions to Settlement have been satisfied on or prior to the Maturity Date as the numerator and (ii) the original number of Reference Entities to which the Portfolio Credit Linked Notes related as of the first Issue Date of the Portfolio Credit Linked Notes (as denominator).]*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (ii) Settlement Method: [Auction Settlement/Cash Settlement]
- (iii) First-to-Default Credit Linked Notes: [Applicable/Not Applicable]
- (iv) Nth-to-Default Credit Linked Notes: [Applicable/Not Applicable]
- [If Applicable, specify Relevant Number: [       ]]*
- (v) Portfolio Credit Linked Notes: [Applicable/Not Applicable]
- [in the case of First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes or Portfolio Credit Linked Notes, the remainder of this item 33 of the Final Terms should be completed where appropriate, setting out relevant options in relation to each Reference Entity.]*
- (vi) Trade Date: [       ]

- (vii) Calculation Agent responsible for making calculations and determinations in respect of the Notes: [ ]
- (viii) Reference Entity(ies): [ ]
- (ix) Reference Obligation(s): [ ]
- [The obligation[s] identified as follows: [ ]
- Primary Obligor: [ ]
- Maturity: [ ]
- Coupon: [ ]
- CUSIP/ISIN: [ ]
- (x) All Guarantees: [Applicable/Not Applicable]
- Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition 15 [Applicable/Not Applicable]
- (xi) Credit Events: [Bankruptcy]
- [Failure to Pay]
- [Grace Period Extension [Applicable/Not Applicable]
- [If Applicable:
- Grace Period: [ ]
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation/Moratorium]
- [Restructuring]
- Provisions relating to Restructuring Credit Event: Credit Linked Condition 12 [Applicable/Not Applicable]
  - Provisions relating to Multiple Holder Obligation: Credit Linked Condition 13 [Applicable/Not Applicable]
  - [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]

– [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

[*other*]

Default Requirement: [ ]

Payment Requirement: [ ]

(xii) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]

[*If Applicable*]:

Public Source(s): [ ]

Specified Number: [ ]

(xiii) Obligation(s):

Obligation Category [Payment]

[*select one only*]: [Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

Obligation Characteristics

[*select all of which apply*]: [Not Subordinated]

[Credit Linked Specified Currency:

[*specify currency*] [Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency:]

[Domestic Currency means: [*specify currency*]]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

Additional Obligation(s) [ ]



- (xiv) Excluded Obligation(s): [ ]
- (xv) [Whether on satisfaction of Conditions to Settlement redemption of the Notes will be by (a) Cash Settlement or (b) Auction Settlement: Conditions to Settlement - [Cash Settlement/ Auction Settlement]]
- (xvi) Accrual of Interest upon Credit Event: [Applicable/Not Applicable]
- (xvii) Merger Event: Credit Linked Condition 11 [Applicable/Not Applicable]  
*(If Applicable)*  
 [Merger Event Redemption Amount: [ ]]  
 [Merger Event Redemption Date:[ ]]
- (xviii) Unwind Costs: [Standard Unwind Costs/*other*/Not Applicable]
- (xix) Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 14 [Applicable/Not Applicable]
- (xx) Provisions relating to LPN Reference Entities: Credit Linked Condition 16 [Applicable/Not Applicable]
- (xxi) Credit Event Redemption Amount: [ ] per Calculation Amount
- (xxii) Credit Event Redemption Period: [ ] Business Days
- (xxiii) Valuation Date: [Single Valuation Date:  
 [ ] Business Days]  
 [Multiple Valuation Dates:  
 [ ] Business Days; and each [ ] Business Days thereafter  
 Number of Valuation Dates: [ ]]
- (xxiv) Valuation Time: [ ]
- (xxv) Quotation Method: [Bid/Offer/Mid-market]
- (xxvi) Quotation Amount: [[ ]/Representative Amount]
- (xxvii) [Minimum Quotation Amount: [ ]]
- (xxviii) Quotation Dealers: [ ]
- (xxix) Quotations: [Include Accrued Interest/Exclude Accrued Interest]

- (xxx) Valuation Method: [Market/Highest]  
[Average Market/Highest/Average Highest]  
[Blended Market/Blended Highest]  
[Average Blended Market/Average Blended Highest]
- (xxxi) Other terms or special conditions: [ ]
- (xxxii) Business Day Convention: [Following/Modified Following/Preceding]
- (xxxiii) Succession Event Backstop Date  
subject to adjustment in accordance  
with Business Day Convention: [Yes/No]
- (xxxiv) Limitation Dates subject to  
adjustment in accordance with  
Business Day Convention: [Yes/No]
- (xxxv) Deliverable Obligations:
- Deliverable Obligation Category [Payment]  
[select one only]: [Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]
- Deliverable Obligation  
Characteristics [Not Subordinated]  
[select all of which apply]: [Credit Linked Specified Currency: *[specify currency]*]  
[Standard Specified Currencies]  
[Not Sovereign Lender]  
[Not Domestic Currency]  
[Domestic Currency means: *[specify currency]*]  
[Not Domestic Law]  
[Listed]  
[Not Contingent]  
[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Qualifying Participation Seller: *[insert details]*]

[Transferable]

[Maximum Maturity: [ ]]

[Accelerated or Matured]

[Not Bearer]

(xxxvi) Emerging Market Adjustment/Termination Provisions: [Applicable/Not Applicable]

*(if Not Applicable delete the following sub-paragraphs)*

(I) Emerging Market Adjustment/Termination Events:

[Inconvertibility Event]

[Ownership Restriction Event]

[Settlement/Custodial Event]

[Taxation Event]

*(specify other)*

(J) Emerging Market Termination Amount: [ ] *(Express per Calculation Amount)*

(K) Reference Jurisdiction: [ ]

(L) Relevant Currency: [ ]

(xxxvii) Portfolio Linked Interest Adjustment: [Applicable][Not Applicable]

*(N.b. this should only be specified as "Applicable" in respect of Portfolio Credit Linked Notes for which the outstanding nominal amount for interest calculation purposes is to be reduced following the occurrence of a Credit Event in respect of one or more entities within the Reference Entity portfolio)*

(xxxviii) Other terms or special conditions: [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. **Form of Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
- [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
35. **Reference Item Linked Note:**
- [Yes][No]
- (Specify "Yes" in the case of all Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Credit Linked Notes)*
36. **New Global Note:**
- [Yes] [No]
37. **Additional Financial Centre(s) or other special provisions relating to Payment Days:**
- [Not Applicable/give details]
- (Note that this item relates to the place of payment and not Interest Period end dates to which items 16(iv), 18(viii), 20(vii), 21(xi), 22(vii) and 23(viii) relate)*
38. **Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):**
- [Yes/No. If yes, give details]
39. **Details relating to Instalment Notes:**
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
40. **Redenomination applicable:**
- Redenomination [not] applicable
- (If Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)*
41. **VP System Provisions:**
- (i) VP System Notes: [Applicable][Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- [The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for VP System Notes* shall apply]
- (ii) VP System: [VP Securities A/S, the Danish central securities depository]
- [the Norwegian Central Securities Depository (*Verdipapirsentralen*)]
- [Euroclear Sweden AB]
- [The Finnish Central Securities Depository, Euroclear Finland Oy]
- (iii) VP System Agency Agreement: The VP System Agency Agreement (which expression shall include any amendments or supplements thereto) dated [●] between, among others, the Bank and the VP System Agent

- (iv) VP System Agent: *[insert name of SEB entity acting as agent]* (which expression shall include any successor to *[insert name of SEB entity acting as agent]* in its capacity as such)
42. **Other final terms:** [Not Applicable/*give details*]
- (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum under Article 16 of the Prospectus Directive.)*
- DISTRIBUTION**
43. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilising Manager (if any): [Not Applicable/*give name and address*]
44. **If non-syndicated, name and address of relevant Dealer:** [Not Applicable/*give name and address*]
45. **U.S. selling restrictions:** Reg. S Category 2. [TEFRA D/TEFRA C/TEFRA not applicable]
46. **Total commission and concession:** [ ] per cent. of the Aggregate Nominal Amount
47. **Non exempt Offer:** [Not Applicable] *[An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Information Memorandum and any supplements have been passported (in addition to the jurisdiction where approved and published)] (the **Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”] (the **Offer Period**). See further Paragraph 3 of Part B below.*
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been*

*notified/passported.)*

48. **Additional selling restrictions:**

[Not Applicable/*give details*]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market (for example, the London Stock Exchange's regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*]] of the securities described herein pursuant to the Structured Note Programme of Skandinaviska Enskilda Banken AB (publ).

**RESPONSIBILITY**

The Bank accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Bank:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING [Application has been made by the Bank (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market, for example the London Stock Exchange's regulated market] with effect from [ ].] [Application is expected to be made by the Bank (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the London Stock Exchange's regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].] [Not Applicable]

2. RATINGS [The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, [insert the legal name of the relevant EU CRA affiliate], which is established in the European Union and registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], has disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit rating agency entity].

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the European Union, but it is certified in accordance with Regulation (EC) No. 1060/2009, as amended.

*(The above disclosure should reflect the rating allocated to Notes issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[Applicable/Not Applicable]

**3. TERMS AND CONDITIONS OF THE OFFER**

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

Offer Price:

[Issue Price *[specify other offer price]*]

Total amount of the offer:

*[give details – if the amount is not fixed provide a description of the arrangements and time for announcing to the public the definitive amount of the offer]*

Conditions to which the offer is subject:

[Not applicable/*give details*]

Description of the application process:

[Not applicable/*give details*]

Details of the minimum and/or maximum amount of application:

[Not applicable/*give details*]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

[Not applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes:

[Not applicable/*give details*]

Manner in and date in which results of the offer are to be made public:

[Not applicable/*give details*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

[Not applicable/*give details*]

Categories of potential investors to which the Notes are offered and whether tranche (s) have been reserved for certain countries:

[Not applicable/*give details*]

Process for notification to applicants of the amount allotted and an indication of whether dealing may begin before notification is made:

[Not applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

[Not applicable/*give details*]

Name(s) and address(es), to the extent known to the Bank, of the placers in the various countries where the offer takes place:

[None/*give details*]



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

[Save for any fees payable to the [Managers/Dealers], so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[N.B. When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum under Article 16 of the Prospectus Directive]

**5. REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the Offer:   
*(See “Use of Proceeds” wording in Information Memorandum – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:   
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:   
*[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]*

*(N.B. If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, (i) above is only required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

**6. YIELD (Fixed Rate Notes only)**

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**7. [In the case of Index Linked Notes insert: PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]]**

*[Need to include details of where past and future performance and volatility of [the/each] index can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

*[Need to include the name of [the/each] index, the name of [the/each] index sponsor and a description if composed by the Bank and if the index is not composed by the Bank need to include details of where the information about [the/each] index can be obtained.]]*

8. **[In the case of Equity Linked Notes insert: PERFORMANCE OF [THE SHARE/BASKET OF SHARES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]]**

*[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]*

9. **[In the case of Currency Linked Notes insert: PERFORMANCE OF [RATE[S] OF EXCHANGE/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES]]**

*[Need to include details of [the/each] currency, the relevant weighting of each currency, where past and future performance and volatility of the [relevant rates/currencies] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]*

10. **[In the case of Commodity Linked Notes insert: PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES]]**

*[Need to include details of [the/each] [commodity/commodity index], where pricing information about [the/each] [commodity/commodity index] is available, the relevant weighting of each [commodity/commodity index] within a basket of [commodities/commodity indices] and where past and future performance and volatility of [the commodity/basket of commodities/commodity index/basket of commodity indices] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]*

11. **[In the case of Fund Linked Notes insert: PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND/BASKET OF FUNDS]]**

*[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] [fund/basket of funds] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]*

12. **[In the case of Credit Linked Notes insert: PERFORMANCE OF [THE/EACH] REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE/EACH] REFERENCE ENTITY]]**

*[Need to include details of [the/each] reference entity and where information on [the/each] reference entity can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]*

**13. HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

**14. [PROVISION OF POST-ISSUANCE INFORMATION]**

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

**15. OPERATIONAL INFORMATION**

- (i) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No].  
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if “yes” selected in which case the Notes must be issued in NGN form (unless the Notes are to be cleared through a domestic Central Securities Depository)*]
- (ii) ISIN Code: [ ]
- (iii) Common Code: [ ]
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number (s): [Not Applicable/give *name(s)* and *number(s)*]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ]

*Set out below is the pro forma Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination equal to or higher than [EUR 50,000/EUR 100,000] (or its equivalent in another currency).*

*[Date]*

## SKANDINAVISKA ENSKILDA BANKEN AB (publ)

### Issue of [Aggregate Nominal Amount of Tranche][Title of Notes] under the Structured Note Programme

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum dated [●], 2012 [*refer also to any relevant supplements*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/ EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Information Memorandum [as so supplemented]. Full information on the Bank and the offer of the securities is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented]. Copies of the Information Memorandum [as so supplemented] are available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-10640 Stockholm, Sweden and copies may be obtained from Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum [relating to the Skandinaviska Enskilda Banken AB (publ) Global Programme for the Continuous Issuance of Medium Term Notes, Capital Contribution Securities and Covered Bonds] dated [*original date*] [*refer also to any relevant supplements*] which are incorporated by reference in the Information Memorandum dated [*current date*] and are attached hereto. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Information Memorandum dated [●], 2012 [*refer also to any relevant supplements*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Bank and the offer of the securities is only available on the basis of the combination of these Final Terms and the Information Memorandum dated [*original date*][*refer also to any relevant supplements*] and [●], 2012 [*refer also to any relevant supplements*]. Copies of such Information Memoranda [as so supplemented] are available for viewing at Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden and copies may be obtained from Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.]

*[Consider including the following paragraph for Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes and Credit Linked Notes:*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, 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 Bank or any Dealer.*

*By investing in the Notes each investor represents that:*

- (i) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Bank or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Bank or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (ii) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and*

conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.

- (iii) *Status of Parties. Neither of the Bank nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.]*

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum under Article 16 of the Prospectus Directive.]*

- |    |  |   |
|----|--|---|
| 1. | Issuer:                                  | Skandinaviska Enskilda Banken AB (publ)   |
| 2. | (i) Series Number:                       | [ ]   |
|    | (ii) Tranche Number:                     | [ ]   |
|    |  | <i>(if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | <b>Specified Currency or Currencies:</b> | [ ]   |
| 4. | <b>Aggregate Nominal Amount:</b>         |   |
|    | (i) Series:                              | [ ]   |
|    | (ii) Tranche:                            | [ ]   |
| 5. | <b>Issue Price of Tranche:</b>           | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ] <i>(if applicable)</i> .   |
| 6. | (a) <b>Specified Denominations:</b>      | [ ]<br>[ ]  |

*(N.B. Following the entry into force of the 2010 PD Amending Directive on 31st December, 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1st July, 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*

*(N.B. Where Notes with multiple denominations above [€50,000] or equivalent are being used the following language should be used:*

*“[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]”)*

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)

(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the [€50,000]/[€100,000] minimum denomination is not required.)

- (b) **Calculation Amount:** [ ]  
(Applicable to Notes in definitive form) (If there is only one Specified Denomination, insert that Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. there must be a common factor in the case of two or more Specified Denominations)
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [specify /Issue Date/Not Applicable]  
(NB: An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)
8. **Maturity Date:** [Fixed rate – [specify date]/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]][(the **Scheduled Maturity Date**)] [Insert for Credit Linked Notes - subject as provided in Credit Linked Conditions]
9. **Interest Basis:** [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent.  
Floating Rate]  
[Zero Coupon]  
[Dual Currency Interest]  
[Index Linked Interest]  
[Equity Linked Interest]  
[Currency Linked Interest]  
[Commodity Linked Interest]  
[Fund Linked Interest]  
[specify other]  
[(further particulars specified below)]
10. **Redemption/Payment Basis:** [Redemption at par]  
[Instalment]  
[Dual Currency Redemption]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
[Currency Linked Redemption]  
[Commodity Linked Redemption]  
[Fund Linked Redemption]  
[Credit Linked Redemption]  
[specify other]  
(N.B. If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be

*derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

11. **Change of Interest Basis or Redemption/Payment Basis:** [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12. **Put/Call Options:** [Investor Put]  
[Issuer Call]  
[Not Applicable]  
[(further particulars specified below)]
13. **Status of the Notes:** Senior
14. **Method of distribution:** [Syndicated/Non-syndicated]

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

15. **Fixed Rate Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent, per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 4A.)*
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iii) Interest Period End Date(s): [Each Interest Payment Date]/[specify other]
- (iv) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (v) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date falling in/on [ ]  
*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (vi) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (vii) Determination Date(s): [ ] in each year  
*[Insert regular Interest Period End Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon.] (NB: This will need to be amended in the case of regular Interest Period End Dates which are not of equal duration.)*  
*(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. **Floating Rate Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Interest Payment Dates: [ ]
- (ii) Specified Period(s)/Specified [ ]

- Interest Period End Date(s):
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention [specify other]]
- (iv) Additional Business Centre(s): [ ]
- (v) Manner in which the Rate of Interest is to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
- (vi) Party responsible for calculating the Rate of Interest: [Fiscal Agent/Calculation Agent: [name]/other]
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Fiscal Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (ix) Margin(s): [+/-] [ ] percent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent, per annum
- (xii) Day Count Fraction: [Actual/ Actual (ISDA)] [Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] 30E/360 Other] *(See Condition 4B.05 for alternatives)*
- (xiii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]



17. **Zero Coupon Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: [ ]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5.08(iii) and 5.12 apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*
18. **Dual Currency Interest Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
  - (ii) Party, if any, responsible for calculating the interest payable (if not the Principal Paying Agent): [ ]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*
  - (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
19. **Index Linked Interest Notes** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- [The provisions of Annex 2 of the Terms and Conditions - *Additional Terms and Conditions for Index Linked Notes* shall apply.]
- (i) [give or annex details]
  - (ii) Index/Basket of Indices/Index Sponsor(s): [ ]  
 [The [ ] Index is a Multi-Exchange Index]  
 [The Index Currency for the [ ] Index is [ ]]
  - (iii) Formula for calculating interest rate including back up provisions (if applicable): [ ]
  - (iv) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and the Interest Amount (if not the Principal Paying Agent): [ ]
  - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)*

- (vi) Specified Interest Payment Dates: [ ]
- (vii) Specified Period(s)/Specified Interest Period End Date(s): [ ]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
- (ix) Additional Business Centre(s): [ ]
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- (xiii) Averaging: [The Averaging Dates are [ ]].  
[In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (xiv) Index Performance: [Applicable - [*insert formula or other relevant provision*]/Not Applicable]
- (a) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (b) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date/Not Applicable]
- (xv) Exchange Rate: [Applicable/Not Applicable]  
[*insert details*]
- (xvi) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. (*N.B. Only applicable in relation to Index Linked Notes relating to a Basket*)
- (xvii) Exchange(s): [ ]
- (xviii) Related Exchange: [ ]/[All Exchanges]
- (xix) Valuation Date(s): [ ]
- (xx) Valuation Time: [ ]
- (xxi) Observation Date(s): [ ]
- (xxii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to [(and including/but excluding)] [ ]]/[Not Applicable]

|         |  |  |
|---------|--|--|
|         |  | <i>(N.B. this definition will need to be revised if there is more than one Observation Period)</i>   |
| (xxiii) | Disrupted Day:   | If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated<br>[insert calculation method]<br><br><i>(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)</i>        |
| (xxiv)  | Trade Date:  | [ ]  |
| (xxv)   | Additional Disruption Events:                              | The following Additional Disruption Events apply to the Notes:<br><br>[Change in Law]<br>[Hedging Disruption]<br>[Increased Cost of Hedging]<br><br><i>(Delete as appropriate)</i><br><br><i>[Insert if required – The following Index Replacement Criteria shall apply: [specify criteria]]</i> |
| (xxvi)  | Knock-in, Knock-out Provisions:                            | [Applicable – the provisions of Index Linked Condition 6 apply to the Notes/Not Applicable]<br><br><i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>   |
|         | (a) Knock-in Determination Day:                            | [ ]  |
|         | (b) Knock-in Event and consequences of a Knock-in Event:   | [ ]  |
|         | (c) Knock-in Level:  | [ ]  |
|         | (d) Knock-in Period Beginning Date:                        | [ ]  |
|         | (e) Knock-in Period Ending Date:                           | [ ]  |
|         | (f) Knock-in Valuation Time:                               | [ ]  |
|         | (g) Knock-out Determination Day:                           | [ ]  |
|         | (h) Knock-out Event and consequences of a Knock-out Event: | [ ]  |
|         | (i) Knock-out Level:                                       | [ ]  |
|         | (j) Knock-out Period Beginning Date:                       | [ ]  |
|         | (k) Knock-out Period Ending Date:                          | [ ]  |
|         | (l) Knock-out Valuation Time:                              | [ ]  |
|         | (m) Knock-in/Knock-out Determination Day consequences of a | [Omission][Postponement]   |

|          |   |  |
|----------|---|--|
|          | Disrupted Day:  |  |
| (n)      | Knock-in/Knock-out intraday valuation consequences of disruption:                   | [Omission][Materiality]  |
| (o)      | Additional Knock-in/Knock-out Determination Day Disrupted Day provisions:           | [ ]<br>(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)  |
| (xxvii)  | Trigger Event Provisions:   | [Applicable/Not Applicable]<br>(If not applicable, delete remaining sub-paragraphs of this paragraph)  |
| (a)      | Trigger Event and consequences of a Trigger Event:                                  | The following Trigger Events apply to the Notes:<br>[Trigger Event (Closing Observation)]<br>[Trigger Event (Intraday Observation)]<br>[specify other and consequences]  |
| (b)      | Trigger Event Observation Date:   | [ ]<br>(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)  |
| (c)      | Trigger Event Valuation Time:   | [ ]  |
| (d)      | Trigger Percentage:   | [ per cent.]   |
| (e)      | Trigger Event Strike Level:   | [ ]  |
| (f)      | Trigger Event Observation Date consequences of a Disrupted Day:                     | [Omission][Postponement]   |
| (g)      | Trigger Event intraday valuation consequences of disruption:                        | [Omission][Materiality]  |
| (h)      | Additional Trigger Event Observation Date Disrupted Day provisions:                 | [ ]<br>(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)  |
| (xxviii) | Other terms or special conditions:  | [ ]  |
| 20.      | <b>Equity Linked Interest Notes:</b>  | [Applicable/Not Applicable](If not applicable, delete remaining sub-paragraphs of this paragraph)<br><br>[The provisions of Annex 3 of the Terms and Conditions – <i>Additional Terms and Conditions for Equity Linked Notes</i> shall apply.] |
| (i)      | Share(s)/Basket of Share(s):  | [ ]  |
| (ii)     | Formula for calculating interest rate including back up provisions (if applicable): | [ ]  |
| (iii)    | Calculation Agent responsible for making calculations in respect of the Notes:      | [ ]  |
| (iv)     | Specified Interest Payment Dates:   | [ ]  |
| (v)      | Specified Period(s)/Specified   | [ ]  |

- Interest Period End Date(s):
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ]
- (ix) Maximum Rate of Interest: [ ]
- (x) Day Count Fraction: [ ]
- (xi) Averaging: [The Averaging Dates are [ ]].]
- (xii) [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (xiii) Share Performance: [Applicable - (*insert formula*)/Not Applicable]
- (a) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (b) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date/Not Applicable]
- (xiv) Exchange Rate: [Applicable/Not Applicable]  
(insert details)
- (xv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [ ]. (*N.B. Only applicable in relation to Equity Linked Notes relating to a Basket*)
- (xvi) Exchange(s): [ ]
- (xvii) Related Exchange: [ ]/[All Exchanges]
- (xviii) Valuation Date(s): [ ]
- (xix) Valuation Time: [ ]
- (xx) Observation Date(s): [ ]
- (xxi) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to [(and including/but excluding)] [ ]/[Not Applicable]  
(*N.B. this definition will need to be revised if there is more than one Observation Period*)

|          |   |   |
|----------|---|---|
| (xxii)   | Disrupted Day:  | [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated [insert calculation method]<br><br><i>(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)</i>   |
| (xxiii)  | Tender Offer:   | [Applicable/Not Applicable]   |
| (xxiv)   | Share Substitution:                                     | [Applicable/Not Applicable]<br><br>[If Applicable: Share Substitution Criteria is [     ]]  |
| (xxv)    | Local Tax Adjustment:                                   | [Applicable/Not Applicable]<br><br>Local Jurisdiction: [     ]  |
| (xxvi)   | Trade Date:   | [     ]   |
| (xxvii)  | Additional Disruption Events:                           | The following Additional Disruption Events apply to the Notes:<br><br>[Change in Law]<br>[Hedging Disruption]<br>[Increased Cost of Hedging]<br>[Increased Cost of Stock Borrow]<br>[Initial Stock Loan Rate: [     ]]<br>[Insolvency Filing]<br>[Loss of Stock Borrow]<br>[Maximum Stock Loan Rate: [     ]]<br><i>(Delete as appropriate)</i> |
| (xxviii) | Knock-in, Knock-out Provisions:                         | [Applicable – the provisions of Equity Linked Condition 12 apply to the Notes/Not Applicable]<br><br><i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>  |
| (a)      | Knock-in Determination Day:                             | [     ]   |
| (b)      | Knock-in Event and consequences of a Knock-in Event:    | [     ]   |
| (c)      | Knock-in Level:   | [     ]   |
| (d)      | Knock-in Period Beginning Date:                         | [     ]   |
| (e)      | Knock-in Period Ending Date:                            | [     ]   |
| (f)      | Knock-in Valuation Time:                                | [     ]   |
| (g)      | Knock-out Determination Day:                            | [     ]   |
| (h)      | Knock- out Event and consequences of a Knock-out Event: | [     ]   |
| (i)      | Knock-out Level:  | [     ]   |

|        |   |  |
|--------|---|--|
| (j)    | Knock-out Period Beginning Date:  | [      ]   |
| (k)    | Knock-out Period Ending Date:   | [      ]   |
| (l)    | Knock-out Valuation Time:   | [      ]   |
| (m)    | Knock-in/Knock-out Determination Day consequences of a Disrupted Day:     | [Omission][Postponement]   |
| (n)    | Knock-in/Knock-out intraday valuation consequences of disruption:         | [Omission][Materiality]  |
| (o)    | Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: | [      ]<br><i>(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)</i>   |
| (xxix) | Trigger Event Provisions:   | [Applicable – the provisions of Equity Linked Condition 13 apply to the Notes/Not Applicable]<br><br><i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i> |
| (a)    | Trigger Event and consequences of a Trigger Event:                        | The following Trigger Events apply to the Notes:<br>[Trigger Event (Closing Observation)]<br>[Trigger Event (Intraday Observation)]<br><i>[specify other and consequences]</i>     |
| (b)    | Trigger Event Observation Date:   | [      ]<br><i>(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)</i>   |
| (c)    | Trigger Event Valuation Time:   | [      ]   |
| (d)    | Trigger Percentage:   | [    per cent.]]   |
| (e)    | Trigger Event Strike Level:   | [      ]   |
| (f)    | Trigger Event Observation Date consequences of a Disrupted Day:           | [Omission][Postponement]   |
| (g)    | Trigger Event intraday valuation consequences of disruption:              | [Omission][Materiality]  |
| (h)    | Additional Trigger Event Observation Date Disrupted Day provisions:       | [      ]<br><i>(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)</i>   |
| (xxx)  | Other terms or special conditions:  | [      ]   |
| (xxxi) | GDR/ADR Linked Notes:   | [Applicable/Not Applicable]  |
| 21.    | <b>Currency Linked Interest Notes:</b>                                    | [Applicable/Not Applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>   |

- [The provisions of Annex 4 of the Terms and Conditions - *Additional Terms and Conditions for Currency Linked Notes* shall apply.]
- (i) Base Currency/Subject Currency: [ ]
- (ii) Currency Price: [ ]
- (N.B. Complete only if different from definition contained in Annex 4 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked Notes)*
- [As defined in sub-paragraph [(a)(i)/(a)(ii)] of the definition of "Currency Price" in Currency Linked Condition 2]
- (N.B. Applicable where the Notes relate to a basket of Currencies)*
- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]
- [other]
- (N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)*
- (iv) FX Price Source(s): [ ]
- (v) Specified Financial Centre(s): [ ]
- (vi) Formula for calculating interest rate including back up provisions (if applicable): [ ]
- (vii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (viii) Specified Interest Payment Date(s): [ ]
- (ix) Specified Period(s)/Specified Interest Period End Date(s): [ ]
- (x) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
- (xi) Additional Business Centre(s): [ ]
- (xii) Minimum Rate of Interest: [ ]
- (xiii) Maximum Rate of Interest: [ ]
- (xiv) Day Count Fraction: [ ]
- (xv) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ]]. [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] shall apply.]
- (xvi) Currency Performance [Applicable - (*insert formula*)/Not Applicable]
- (a) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation



- Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,]] the Reference Exchange Rate having the highest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]
- (b) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,]] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable]
- (xvii) Valuation Date(s): [ ]
- (xviii) Valuation Time: [ ]
- (xix) Observation Date(s): [ ]
- (xx) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]
- (N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [ ].
- (N.B. Only applicable in relation to Currency Linked Notes relating to a Basket)*
- (xxii) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
 [Trigger Event (Closing Observation)]  
 [Trigger Event (Intraday Observation)]  
 [specify other and consequences]
- (b) Trigger Event Observation Date: [ ]
- (N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Notes are not appropriate)*
- (c) Trigger Event Observation Price: [ ]
- (d) Trigger Event Valuation Time: [ ]
- (e) Trigger Percentage: [ per cent.]]
- (f) Trigger Event Strike Price: [ ]

|     |   |   |   |
|-----|---|---|---|
|     | (g)                                     | Trigger Event Observation Date consequences of an FX Disrupted Day:                 | [Omission][Postponement]  |
|     | (h)                                     | Trigger Event intraday valuation consequences of disruption:                        | [Omission][Materiality]   |
|     | (i)                                     | Additional Trigger Event Observation Date Disrupted Day provisions:                 | [ ]<br>(N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)  |
|     | (xxiii)                                 | Other terms or special conditions:  | [ ]   |
| 22. | <b>Commodity Linked Interest Notes:</b> |   | [Applicable/Not Applicable]<br><i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i><br>[The provisions of Annex 5 of the Terms and Conditions – <i>Additional Terms and Conditions for Commodity Linked Notes</i> shall apply.] |
|     | (i)                                     | Commodity/Commodities/Commodity Index/Basket of Commodity Indices:                  | [ ] [which is deemed to be Bullion] [in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centre(s): [ ]]  |
|     | (ii)                                    | Formula for calculating interest rate including back up provisions (if applicable): | [ ]   |
|     | (iii)                                   | Calculation Agent responsible for making calculations in respect of the Notes:      | [ ]   |
|     | (iv)                                    | Specified Interest Payment Dates:   | [ ]   |
|     | (v)                                     | Specified Period(s)/Specified Interest Period End Date(s):                          | [ ]   |
|     | (vi)                                    | Business Day Convention:  | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]  |
|     | (vii)                                   | Additional Business Centre(s):  | [ ]   |
|     | (viii)                                  | Minimum Rate of Interest:   | [ ]   |
|     | (ix)                                    | Maximum Rate of Interest:   | [ ]   |
|     | (x)                                     | Day Count Fraction:   | [ ]   |
|     | (xi)                                    | Commodity Reference Price:  | [ ]   |
|     | (xii)                                   | Price Source:   | [ ]   |
|     | (xiii)                                  | Exchange:   | [ ]   |
|     | (xiv)                                   | Delivery Date:  | [ ]   |
|     | (xv)                                    | Pricing Date:   | [ ]   |
|     | (xvi)                                   | Common Pricing:   | [Applicable/Not Applicable] (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)   |
|     | (xvii)                                  | Additional Market Disruption Events:  | [specify any applicable additional Market Disruption Events]  |
|     | (xviii)                                 | Additional provisions for   | [Not Applicable]  |

- Commodity Trading Disruption: *[If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price]*
- (xix) Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[ ]  
Commodity Index Cut-Off Date: [ ]
- (xx) Commodity Business Day: [Commodity Linked Condition 2 applies/insert other]
- (xxi) Trade Date: [ ]
- (xxii) Weighting: The weighting to be applied to each item comprising the Basket is [ ]  
*(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
- (xxiii) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]  
[afternoon fixing]  
[spot price]  
[other]
- (xxiv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Knock-in Determination Day: [ ]
- (b) Knock-in Event and consequences of a Knock-in Event: [ ]
- (c) Knock-in Level: [ ]
- (d) Knock-in Period Beginning Date: [ ]
- (e) Knock-in Period Ending Date: [ ]
- (f) Knock-out Determination Day: [ ]

- (g) Knock- out Event and consequences of a Knock-out Event: [ ]
- (h) Knock-out Level: [ ]
- (i) Knock-out Period Beginning Date: [ ]
- (j) Knock-out Period Ending Date: [ ]
- (k) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (l) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [ ]  
*(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (xxv) Trigger Event Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (a) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
*[specify other and consequences]*
- (b) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Notes are not appropriate)*
- (c) Trigger Event Observation Period: [ ]
- (d) Trigger Percentage: [ per cent.]]
- (e) Trigger Event Strike Level: [ ]
- (f) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][ Market Disruption Applicable]  
[Materiality]
- (g) Additional Trigger Event Observation Date Market Disruption Event provisions: [ ]  
*(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*

- (xxvi) Other terms or special conditions: [ ]
23. **Fund Linked Interest Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
 [The provisions of Annex 6 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) Fund/Basket of Funds: [ ] [[The [ ] Fund is an ETF.]  
 [[The Exchange for each Fund Share: [ ]]  
 [Related Exchange for each Fund Share: [ /All Exchanges]]  
 [Underlying Index for each ETF: [ ]]  
*(N.B. Include for ETFs)*
- (ii) Fund Interests: [ ]
- (iii) Formula for calculating interest rate including back up provisions (if applicable): [ ]
- (iv) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (v) Specified Interest Payment Dates: [ ]
- (vi) Specified Period(s)/Specified Interest Period End Date(s): [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (viii) Additional Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Trade Date: [ ]
- (xiii) Valuation Date(s): [ ]
- (xiv) Valuation Time: [ ]
- (xv) Other terms or special conditions: [ ]

#### PROVISIONS RELATING TO REDEMPTION

24. **Issuer Call** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
- (iii) If redeemable in part:

- (a) Minimum Redemption Amount: [ ]
- (b) Higher Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Bank is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Bank and the Agent)*
25. **Investor Put** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*
- (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Bank is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Bank and the Agent)*
26. **Final Redemption Amount** [[ ] per Calculation Amount/specify other/Not Applicable (For Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Credit Linked Redemption Notes state "Not Applicable" and complete relevant section in paragraphs 28 – 33 below)]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
27. **Early Redemption Amount(s)** of each Note payable on redemption for taxation reasons or on an event of default or on an illegality (or, where otherwise required for purposes of any other relevant redemption specified in the Conditions and/or the method of calculating the same (if required or if different from that set out in Condition 5.08): [ ] /Market Value less Associated Costs /Other] per Calculation Amount  
*(N.B. In the case of Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Credit Linked Notes or where otherwise relevant, consider deducting the cost to the Bank and/or its affiliates of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the Notes)*
28. **Index Linked Redemption Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

[The provisions of Annex 2 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked Notes* shall apply.]

- (i) Index/Basket of Indices/ Index Sponsor(s): [ ]  
[The [ ] Index is a Multi-Exchange Index]  
[The Index Currency for the [ ] Index is [ ]]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]  
[ ] per Calculation Amount
- (iii) Final Redemption Amount:  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (iv) Averaging: [The Averaging Dates are [ ].]  
[In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (v) Index Performance: [Applicable - *[insert formula or other relevant provision]*]/Not Applicable
- (A) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date, (*specify as applicable/other*)], as the case may be,] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (B) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date (*specify as applicable/other*)], as the case may be,] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date]/Not Applicable]

- (vi) Exchange Rate: [Applicable/Not Applicable]  
[insert details]
- (c) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. (N.B. Only applicable in relation to Index Linked Notes relating to a Basket)
- (vii) Exchange(s): [ ]
- (viii) Related Exchange: [ ]/[All Exchanges]
- (ix) Valuation Date(s): [ ]
- (x) Valuation Time: [ ]
- (xi) Observation Date(s): [ ]
- (xii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ]to (and including/but excluding) [ ]][Not Applicable]  
*(N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xiii) Disrupted Day: If a Valuation Date, an Averaging Date, an Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]  
*(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)*
- (xiv) Trade Date: [ ]
- (xv) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
*(Delete as appropriate)*  
[Insert if required – The following Index Replacement Criteria shall apply: [specify criteria]]
- (xvi) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 6 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*



- |        |   |   |
|--------|---|---|
| (A)    | Knock-in Determination Day:   | [      ]  |
| (B)    | Knock-in Event and consequences of a Knock-in Event:                      | [      ]  |
| (C)    | Knock-in Level:   | [      ]  |
| (D)    | Knock-in Period Beginning Date:   | [      ]  |
| (E)    | Knock-in Period Ending Date:  | [      ]  |
| (F)    | Knock-in Valuation Time:  | [      ]  |
| (G)    | Knock-out Determination Day:  | [      ]  |
| (H)    | Knock-out Event and consequences of a Knock-out Event:                    | [      ]  |
| (I)    | Knock-out Level:  | [      ]  |
| (J)    | Knock-out Period Beginning Date:  | [      ]  |
| (K)    | Knock-out Period Ending Date:   | [      ]  |
| (L)    | Knock-out Valuation Time:   | [      ]  |
| (M)    | Knock-in/Knock-out Determination Day consequences of a Disrupted Day:     | [Omission][Postponement]  |
| (N)    | Knock-in/Knock-out intraday valuation consequences of disruption:         | [Omission][Materiality]   |
| (O)    | Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: | [      ]<br><i>(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)</i> |
| (xvii) | Trigger Event Provisions:   | [Applicable/Not Applicable]<br><br><i>(If not applicable, delete remaining sub-paragraphs of</i>          |

- this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
 [Trigger Event (Closing Observation)]  
 [Trigger Event (Intraday Observation)]  
 [*specify other and consequences*]
- (B) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Notes are not appropriate)*
- (C) Trigger Event Valuation Time: [ ]
- (D) Trigger Percentage: [ per cent.]
- (E) Trigger Event Strike Level:
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (xviii) Mandatory Early Termination: [Applicable - the provisions of Index Linked Condition 8 apply to the Notes/Not Applicable]  
*(If Not Applicable, delete the following sub-paragraphs)*
- (A) Mandatory Early Termination Amount: [ ]  
*(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][*specify other*]
- (C) Mandatory Early Termination Date: [ ]

- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]
- (F) Mandatory Early Termination Rate: [ ]
- (G) Mandatory Early Termination Valuation Date: [ ]  
*(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Index Linked Conditions)*
- (H) Mandatory Early Termination Valuation Time: [ ]
- (xix) Other terms or special conditions: [ ]
29. **Equity Linked Redemption Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
 [The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.]
- (i) Share(s) / Basket of Shares: [ ]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iii) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (iv) Averaging: [The Averaging Dates are [ ]].  
 [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (v) Share Performance: [ ]
- (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (specify as applicable/other)], as

the case may be,]) the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]

- (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]) the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date]/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]  
[insert details]
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [ ]. (*N.B. Only applicable in relation to Equity Linked Notes relating to a Basket*)
- (viii) Exchange(s): [ ]
- (ix) Related Exchange: [ ]/[All Exchanges]
- (x) Valuation Date(s): [ ]
- (xi) Valuation Time: [ ]
- (xii) Observation Date(s): [ ]
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]  
*(N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xiv) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated [insert calculation method].  
*(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)*
- (xv) Tender Offer: [Applicable/Not Applicable]

- (xvi) Share Substitution: [Applicable/Not Applicable]  
 [If Applicable: Share Substitution Criteria is [ ]]
- (xvii) Local Tax Adjustment: [Applicable/Not Applicable]  
 Local Jurisdiction [ ]
- (xviii) Trade Date: [ ]
- (xix) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [Initial Stock Loan Rate: [ ]]  
 [Insolvency Filing]  
 [Loss of Stock Borrow]  
 [Maximum Stock Loan Rate: [ ]]  
*(Delete as appropriate)*
- (xx) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 12 apply to the Notes/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Knock-in Determination Day: [ ]
- (B) Knock-in Event and consequences of a Knock-in Event: [ ]
- (C) Knock-in Level: [ ]
- (D) Knock-in Period Beginning Date: [ ]
- (E) Knock-in Period Ending Date: [ ]
- (F) Knock-in Valuation Time: [ ]
- (G) Knock-out Determination Day: [ ]

- (H) Knock-out Event and consequences of a Knock-out Event: [ ]
- (I) Knock-out Level: [ ]
- (J) Knock-out Period Beginning Date: [ ]
- (K) Knock-out Period Ending Date: [ ]
- (L) Knock-out Valuation Time: [ ]
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (xxi) Trigger Event Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[Trigger Event (Intraday Observation)]  
*[specify other and consequences]*
- (B) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Notes are not appropriate)*  
[ ]
- (C) Trigger Event Valuation Time: [ ]
- (D) Trigger Percentage: [ per cent.]
- (E) Trigger Event Strike Level: [ ]

- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)
- (xxii) Mandatory Early Termination: [Applicable - the provisions of Index Linked Condition 14 apply to the Notes/Not Applicable]  
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory Early Termination Amount: [ ]  
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)
- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][specify other]
- (C) Mandatory Early Termination Date: [ ]
- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]
- (F) Mandatory Early Termination Rate: [ ]
- (G) Mandatory Early Termination Valuation Date: [ ]  
(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Index Linked Conditions)
- (H) Mandatory Early Termination Valuation Time: [ ]
- (xxiii) Other terms or special conditions: [ ]
- (xxiv) GDR/ADR Linked Notes: [Applicable/Not Applicable]
30. **Currency Linked Redemption Notes:** [Applicable/Not Applicable]  
  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[The provisions of Annex 4 of the Terms and Conditions – *Additional Terms and Conditions for Currency Linked Notes* shall apply.]

- (i) Base Currency/Subject Currency: [       ]
- (where the Notes relate to a Basket of Currencies, state each Base Currency and Subject Currency)*
- (ii) Currency Price: [       ]
- (N.B. Complete only if different from definition contained in Annex 4 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked Notes)*
- [As defined in sub-paragraph [(x)/(y)] of the definition of "Currency Price" in Currency Linked Condition 2]
- (N.B. Applicable where the Notes relate to a basket of Currencies)*
- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]
- [other]
- (N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)*
- (iv) FX Price Source(s): [       ]
- (v) Specified Financial Centre(s): [       ]
- (vi) Calculation Agent responsible for making calculations in respect of the Notes: [       ]
- (vii) Final Redemption Amount: [       ] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (viii) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [       ].]
- (ix) Currency Performance [Applicable - *(insert formula)*]/Not Applicable
- (A) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation



Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)[, as the case may be,] the Reference Exchange Rate having the highest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]

(B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)[, as the case may be,] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable].

(x) Valuation Date(s): [ ]

(xi) Valuation Time: [ ]

(xii) Observation Date(s): [ ]

(xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]

*(N.B. this definition will need to be revised if there is more than one Observation Period)*

(xiv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [ ].

*(N.B. Only applicable in relation to Currency Linked Notes relating to a Basket)*

(xv) Trigger Event Provisions: [Applicable/Not Applicable]

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

(A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]

[Trigger Event (Intraday Observation)]

[*specify other and consequences*]

- (B) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Notes are not appropriate)*
- (C) Trigger Event Observation Price: [ ]
- (D) Trigger Event Valuation Time: [ ]
- (E) Trigger Percentage: [ per cent.]]
- (F) Trigger Event Strike Price: [ ]
- (G) Trigger Event Observation Date consequences of an FX Disrupted Day: [Omission][Postponement]
- (H) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (I) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
*(N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)*
- (xvi) Other terms or special conditions: [ ]
31. **Commodity Linked Redemption Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
 [The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Commodity Linked Notes* shall apply.]
- (i) Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices: [ ]  
 [[which is deemed to be Bullion][*in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centres:* [ ]]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iii) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus)*

*Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

- (iv) Commodity Reference Price: [      ]
- (v) Price Source: [      ]
- (vi) Exchange: [      ]
- (vii) Delivery Date: [      ]
- (viii) Pricing Date: [      ]
- (ix) Common Pricing: [Applicable] [Not Applicable] (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)
- (x) Additional Market Disruption Events: [*specify any additional Market Disruption Events*]
- Additional provisions for Commodity Trading Disruption: [Not Applicable]
- [*If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price*]
- Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[      ]  
[Commodity Index Cut-Off Date: [      ]]
- (xi) Commodity Business Day: [Commodity Linked Condition 2 applies/*insert other*]
- (xii) Trade Date: [      ]
- (xiii) Weighting: The weighting to be applied to each item comprising the Basket is [      ]
- (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)
- (xiv) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]  
[afternoon fixing]

- [spot price]  
[other]
- (xv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the Notes/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Knock-in Determination Day: [ ]
- (B) Knock-in Event and consequences of a Knock-in Event: [ ] *(Complete by reference to Commodity Reference Price)*
- (C) Knock-in Level: [ ]
- (D) Knock-in Period Beginning Date: [ ]
- (E) Knock-in Period Ending Date: [ ]
- (F) Knock-out Determination Day: [ ]
- (G) Knock-out Event and consequences of a Knock-out Event: [ ] *(Complete by reference to Commodity Reference Price)*
- (H) Knock-out Level: [ ]
- (I) Knock-out Period Beginning Date: [ ]
- (J) Knock-out Period Ending Date: [ ]
- (K) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (L) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [ ] *(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (xvi) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of*

*this paragraph)*

- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[specify other and consequences]
- (B) Trigger Event Observation Date: [ ]  
*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Notes are not appropriate)*
- (C) Trigger Event Observation Period: [ ]
- (D) Trigger Percentage: [ per cent.]]
- (E) Trigger Event Strike Level: [ ]
- (F) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][ Market Disruption Applicable]  
[Materiality]
- (G) Additional Trigger Event Observation Date Market Disruption Event provisions: [ ]  
*(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (xvii) Mandatory Early Termination: [Applicable - the provisions of Commodity Linked Condition 8 apply to the Notes/Not Applicable]  
*(If Not Applicable, delete the following sub-paragraphs)*
- (A) Mandatory Early Termination Amount: [ ]  
*(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (B) Mandatory Early Termination Calculation Amount: [The Calculation Amount][specify other]
- (C) Mandatory Early Termination Date: [ ]
- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]

- (F) Mandatory Early Termination Rate: [ ]
- (G) Mandatory Early Termination Valuation Date: [ ]  
*(N.B. Specify if consequences of a Market Event Disruption are other than as provided in the Commodity Linked Conditions)*
- (xviii) Other terms or special conditions: [ ]
32. **Fund Linked Redemption Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
 [The provisions of Annex 6 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) Fund/Basket of Funds: [ ]  
 [[The [ ] Fund is an ETF]  
 [Exchange for each Fund Share: [ ]]  
 [Related Exchange for each Fund Share: [ ] /All Exchanges]]  
 [Underlying Index: [ ]]  
*(N.B. Include for ETFs)*
- (ii) Fund Interest(s): [ ]
- (iii) Calculation Agent responsible for making calculation in respect of the Notes: [ ]
- (iv) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (v) Trade Date: [ ]
- (vi) Valuation Date(s): [ ]
- (vii) Valuation Time: [ ]

- (viii) Other terms or special conditions: [       ]
33. **Credit Linked Notes:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 7 of the Terms and Conditions – *Additional Terms and Conditions for Credit Linked Notes* shall apply.]
- (i) Final Redemption Amount: [       ] per [Calculation Amount]
- [in the case of Portfolio Credit Linked Notes insert: An amount in the Specified Currency per Calculation Amount equal to the product of (a) the Calculation Amount and (b) one minus a fraction with (i) the number of Reference Entities in respect of which Conditions to Settlement have been satisfied on or prior to the Maturity Date as the numerator and (ii) the original number of Reference Entities to which the Portfolio Credit Linked Notes related as of the first Issue Date of the Portfolio Credit Linked Notes (as denominator).]*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (ii) Settlement Method: [Auction Settlement/Cash Settlement]
- (iii) First-to-Default Credit Linked Notes: [Applicable/Not Applicable]
- (iv) Nth-to-Default Credit Linked Notes: [Applicable/Not Applicable]
- [If Applicable, specify Relevant Number: [       ]]*
- (v) Portfolio Credit Linked Notes: [Applicable/Not Applicable]
- [in the case of First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes or Portfolio Credit Linked Notes, the remainder of this item 33 of the Final Terms should be completed where appropriate, setting out relevant options in relation to each Reference Entity.]*
- (vi) Trade Date: [       ]
- (vii) Calculation Agent responsible for [       ]

making calculations and determinations in respect of the Notes:

- (viii) Reference Entity(ies): [ ]
- (ix) Reference Obligation(s): [ ]
- [The obligation[s] identified as follows: [ ]
- Primary Obligor: [ ]
- Maturity: [ ]
- Coupon: [ ]
- CUSIP/ISIN: [ ]
- (x) All Guarantees: [Applicable/Not Applicable]
- Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition 15 [Applicable/Not Applicable]
- (xi) Credit Events: [Bankruptcy]
- [Failure to Pay]
- [Grace Period Extension [Applicable/Not Applicable]
- [If Applicable:
- Grace Period: [ ]
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation/Moratorium]
- [Restructuring]
- Provisions relating to Restructuring Credit Event: Credit Linked Condition 12 [Applicable/Not Applicable]
  - Provisions relating to Multiple Holder Obligation: Credit Linked Condition 13 [Applicable/Not Applicable]
  - [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]



– [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

[*other*]

Default Requirement: [ ]

Payment Requirement: [ ]

(xii) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]

[*If Applicable*]:

Public Source(s): [ ]

Specified Number: [ ]

(xiii) Obligation(s):

Obligation Category [Payment]

[*select one only*]: [Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

Obligation Characteristics

[*select all of which apply*]: [Not Subordinated]

[Credit Linked Specified Currency:

[*specify currency*] [Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency:]

[Domestic Currency means: [*specify currency*]]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

Additional Obligation(s) [ ]

- (xiv) Excluded Obligation(s): [ ]
- (xv) [Whether on satisfaction of Conditions to Settlement redemption of the Notes will be by (a) Cash Settlement or (b) Auction Settlement: Conditions to Settlement - [Cash Settlement/ Auction Settlement]]
- (xvi) Accrual of Interest upon Credit Event: [Applicable/Not Applicable]
- (xvii) Merger Event: Credit Linked Condition 11 [Applicable/Not Applicable]  
*(If Applicable)*  
[Merger Event Redemption Amount: [ ]]  
[Merger Event Redemption Date:[ ]]
- (xviii) Unwind Costs: [Standard Unwind Costs/*other*/Not Applicable]
- (xix) Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 14 [Applicable/Not Applicable]
- (xx) Provisions relating to LPN Reference Entities: Credit Linked Condition 16 [Applicable/Not Applicable]
- (xxi) Credit Event Redemption Amount: [ ] per Calculation Amount
- (xxii) Credit Event Redemption Period: [ ] Business Days
- (xxiii) Valuation Date: [Single Valuation Date:  
[ ] Business Days]  
[Multiple Valuation Dates:  
[ ] Business Days; and each [ ] Business Days thereafter  
Number of Valuation Dates: [ ]]
- (xxiv) Valuation Time: [ ]
- (xxv) Quotation Method: [Bid/Offer/Mid-market]
- (xxvi) Quotation Amount: [[ ]/Representative Amount]
- (xxvii) [Minimum Quotation Amount: [ ]]
- (xxviii) Quotation Dealers: [ ]
- (xxix) Quotations: [Include Accrued Interest/Exclude Accrued Interest]

- (xxx) Valuation Method: [Market/Highest]  
[Average Market/Highest/Average Highest]  
[Blended Market/Blended Highest]  
[Average Blended Market/Average Blended Highest]
- (xxxi) Other terms or special conditions: [ ]
- (xxxii) Business Day Convention: [Following/Modified Following/Preceding]
- (xxxiii) Succession Event Backstop Date subject to adjustment in accordance with Business Day Convention: [Yes/No]
- (xxxiv) Limitation Dates subject to adjustment in accordance with Business Day Convention: [Yes/No]
- (xxxv) Deliverable Obligations:
- Deliverable Obligation Category [Payment]  
[select one only]: [Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]
- Deliverable Obligation Characteristics [Not Subordinated]  
[select all of which apply]: [Credit Linked Specified Currency: *[specify currency]*]  
[Standard Specified Currencies]  
[Not Sovereign Lender]  
[Not Domestic Currency]  
[Domestic Currency means: *[specify currency]*]  
[Not Domestic Law]  
[Listed]  
[Not Contingent]  
[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Qualifying Participation Seller: *[insert details]*]

[Transferable]

[Maximum Maturity: [ ]]

[Accelerated or Matured]

[Not Bearer]

(xxxvi) Emerging Market Adjustment/Termination Provisions: [Applicable/Not Applicable]

*(if Not Applicable delete the following sub-paragraphs)*

(A) Emerging Market Adjustment/Termination Events:

[Inconvertibility Event]

[Ownership Restriction Event]

[Settlement/Custodial Event]

[Taxation Event]

*(specify other)*

(B) Emerging Market Termination Amount: [ ] *(Express per Calculation Amount)*

(C) Reference Jurisdiction: [ ]

(D) Relevant Currency: [ ]

(xxxvii) Portfolio Linked Interest Adjustment: [Applicable][Not Applicable]

*(N.b. this should only be specified as "Applicable" in respect of Portfolio Credit Linked Notes for which the outstanding nominal amount for interest calculation purposes is to be reduced following the occurrence of a Credit Event in respect of one or more entities within the Reference Entity portfolio)*

(xxxviii) Other terms or special conditions: [ ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**34. Form of Notes:**

- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time]/[only upon an Exchange Event]
- [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time]/[only upon an Exchange Event]]
- (N.B. Those options indicated above with an asterisk should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:*
- “[€50,000]/[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000]. No Notes in definitive form will be issued with a denomination above [€99,000]/[€199,000]”.*
- The above Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
35. **Reference Item Linked Note:** [Yes][No]
- (Specify "Yes" in the case of all Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Credit Linked Notes)*
36. **New Global Note:** [Yes] [No]
37. **Additional Financial Centre(s) or other special provisions relating to Payment Days:** [Not Applicable/give details]
- (Note that this item relates to the place of payment and not Interest Period end dates to which items 16(iv), 19(viii), 20(vii), 21(xi), 22(vii) and 23(viii) relate)*
38. **Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):** [Yes/No. If yes, give details]
39. **Details relating to Instalment Notes:**
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
40. **Redenomination applicable:** Redenomination [not] applicable
- (If Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)*
41. **VP System Provisions:**
- (i) VP System Notes: [Applicable][Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- [The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for VP System Notes* shall apply]
- (ii) VP System: [VP Securities A/S, the Danish central securities depository]

- [the Norwegian Central Securities Depository  
(Verdipapirsentralen)]  
[Euroclear Sweden AB]  
[The Finnish Central Securities Depository, Euroclear  
Finland Oy]
- (iii) VP System Agency Agreement: The VP System Agency Agreement (which expression shall include any amendments or supplements thereto) dated [●] between, among others, the Bank and the VP System Agent
- (iv) VP System Agent: [insert name of SEB entity acting as agent] (which expression shall include any successor to [insert name of SEB entity acting as agent] in its capacity as such)
42. **Other final terms:** [Not Applicable/give details]  
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum under Article 16 of the Prospectus Directive.)

## DISTRIBUTION

43. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names]  
(If the Notes are derivative securities for the purposes of the Prospectus Directive, include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of Subscription Agreement: [ ]  
(Not applicable unless the Notes are derivative securities for the purposes of the Prospectus Directive.)
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
44. **If non-syndicated, name and address of relevant Dealer:** [Not Applicable/give name]  
(If the Notes are derivative securities for the purposes of the Prospectus Directive, include the name and address of any entity agreeing to underwrite the issue on a firm commitment basis and the name and address of any entity agreeing to place the issue without a firm commitment or on a “best efforts” basis.)
45. **U.S. selling restrictions:** Reg. S Category 2. [TEFRA D/TEFRA C/ TEFRA not applicable]
46. **Additional selling restrictions:** [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue and admission to trading on [specify relevant regulated market (for example the London Stock Exchange’s regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] of the securities described herein pursuant to the Structured Note Programme of Skandinaviska Enskilda Banken AB (publ).

**RESPONSIBILITY**

The Bank accepts responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Bank:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made by the Bank (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market, for example the London Stock Exchange's regulated market]] with effect from [ ].] [Application is expected to be made by the Bank (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the London Stock Exchange's regulated market) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].] [Not Applicable]  
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (ii) Estimate of total expenses relating to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, [insert the legal name of the relevant EU CRA affiliate], which is established in the European Union and registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], has



disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU credit rating agency entity].]

[Insert legal name of particular credit rating agency entity providing rating] is not established in the European Union, but it is certified in accordance with Regulation (EC) No. 1060/2009, as amended.

(The above disclosure should reflect the rating allocated to Notes issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

[Save for any fees payable to the [Managers/Dealers], so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]

[N.B. When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum under Article 16 of the Prospectus Directive]

### 4. REASONS FOR THE OFFER; ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the Offer: [ ]

(ii) Estimated net proceeds: [ ]

(iii) Estimated total expenses: [ ]

(N.B. This section is only applicable if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies. In such a case, (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

### 5. YIELD (Fixed Rate Notes only) [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. [In the case of Index Linked Notes insert: PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]

[Need to include details of where past and future performance and volatility of [the/each] index can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available.]

[Need to include the name of [the/each] index, the name of [the/each] index sponsor and a description if composed by the Bank and if the index is not composed by the Bank need to include details of where the information about [the/each] index can be obtained.]]

7. **[In the case of Equity Linked Notes insert: PERFORMANCE OF [THE SHARE/BASKET OF SHARES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]]**

*[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.]]*

8. **[In the case of Currency Linked Notes insert: PERFORMANCE OF [RATE[S] OF EXCHANGE/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES]]**

*[Need to include details of [the/each] currency, the relevant weighting of each currency, where past and future performance and volatility of the [relevant rates/currencies] can be obtained.]]*

9. **[In the case of Commodity Linked Notes insert: PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES]]**

*[Need to include details of [the/each] [commodity/commodity index], where pricing information about [the/each] [commodity/commodity index] is available, the relevant weighting of each [commodity/commodity index] within a basket of [commodities/commodity indices] and where past and future performance and volatility of [the commodity/basket of commodities/commodity index/basket of commodity indices] can be obtained.]]*

10. **[In the case of Fund Linked Notes insert: PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND/BASKET OF FUNDS]]**

*[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] [fund/basket of funds] can be obtained.]]*

11. **[In the case of Credit Linked Notes insert: PERFORMANCE OF [THE/EACH] REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE/EACH] REFERENCE ENTITY]**

*[Need to include details of [the/each] reference entity and where information on [the/each] reference entity can be obtained.]]*

12. **[PROVISION OF POST ISSUANCE INFORMATION**

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

13. **OPERATIONAL INFORMATION**

- (i) Intended to be held in a manner [Yes] [No].  
which would allow Eurosystem

eligibility:

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*include this text if “yes” selected in which case the Notes must be issued in NGN form (unless the Notes are to be cleared through a domestic Central Securities Depository)*]

- (ii) ISIN Code: [ ]
- (iii) Common Code: [ ]
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number (s): [Not Applicable/give *name(s)* and *number(s)*]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ]

## SKANDINAVISKA ENSKILDA BANKEN

### Overview

SEB is a leading Nordic financial services group with a strong commercial and investment banking focus, providing a wide range of financial services to corporate customers, financial institutions and private individuals. Its core markets are the Nordic countries of Sweden, Denmark, Finland and Norway and the Baltic countries of Estonia, Latvia and Lithuania. Its core strengths are its wholesale banking, investment banking, wealth management and private banking and life and pension businesses. It also has significant operations in Germany. As of 31st March 2012, SEB had total assets of SEK 2,331 billion and total equity of SEK 108 billion. For the year ended 31st December, 2011, SEB's net profit was SEK 11.1 billion. For the three months ended 31st March, 2012, SEB's net profit was SEK 2.7 billion.

The Group's business is organised into five divisions:

- Merchant Banking – providing wholesale banking and investment banking services to large companies and financial institutions in SEB's core markets;
- Retail Banking – providing retail banking services to private individuals and SMEs in Sweden and card services in the Nordic countries;
- Wealth Management – providing asset management and private banking services to institutions, foundations and private individuals in SEB's core markets, and managing SEB's mutual funds;
- Life – providing unit-linked and traditional life insurance mainly in Sweden, Denmark and the Baltic countries; and
- Baltic – providing retail, corporate and institutional banking services, such as trading and capital markets and transaction services, to Estonian, Latvian and Lithuanian clients. The financial consequences of other corporate business, such as corporate finance and structured finance, as well as wealth management and life services, provided in these countries are recorded in the Merchant Banking, Wealth and Life divisions, respectively.

At 31st March, 2012, SEB's customer base consisted of approximately 2,700 large corporate and institutional customers, approximately 400,000 SMEs and approximately four million private individuals. At the same date, SEB had approximately 298 retail branch offices in Sweden and the Baltic countries. Outside its core markets, SEB has a strategic presence, through its international network in 20 countries worldwide, to support and service mainly its large corporate and institutional customers. At 31st March 2012, SEB had 16,706 full-time FTEs in the continuing operations, of which about half were located outside Sweden.

### Competitive strengths

SEB believes that its franchise is built on strong long-term customer relationships, its product excellence and the quality of its advice. Its reputation stems from its long heritage of providing banking and financial services to large corporate customers, financial institutions and private individuals in the Nordic countries. Given its diversified business mix, SEB believes that it is well positioned to capture opportunities in the financial services industry in its core markets. SEB's competitive strengths include:

#### *Strong and long-term customer relationships*

SEB believes that its more than 150-year history of providing banking and financial services, its long-standing client relationships, its customer orientation and its strong brand allow it to develop unique relationships with, and knowledge of, its customers and to attract new customers. SEB's customer focus has led to strong loyalty amongst its customers, as evidenced by continued high customer satisfaction rankings and awards within its core areas of strength.

#### *Leading market positions in core business areas*

SEB has leading market positions in its core business areas. Its Merchant Banking division is a leading corporate and investment bank in the Nordic region, with substantial market shares in foreign exchange trading and cash management. SEB was awarded the "overall best bank for large companies and institutions in the Nordics 2011" according to a compilation of all 2011 TNS Sifo Prospera surveys published in April 2012. It is also the largest broker on NASDAQ OMX Stockholm and on the other Nordic stock exchanges (excluding Stockholm) in the aggregate, based on market share measured by volume on the Stockholm, Oslo, Helsinki and Copenhagen stock exchanges. SEB's Retail Banking division is a leading provider of corporate charge cards and co-branded cards in the Nordic countries. In Sweden, SEB is the fourth largest retail bank as measured by

customer loans and one of the two largest banks as measured by long-term savings. SEB is the second largest asset manager in the Nordic region with assets under management of SEK 1,118 billion at 31st March, 2012 (compared to total assets under management in the Group of SEK 1,317 billion at 31st March, 2012) (based on a comparison of total SEB assets under management and assets under management reported by other banks in the Nordic region). SEB also has a strong position in the mass affluent and private banking segments of the Swedish market. For example, SEB was the second largest entity in the total Swedish household savings market (excluding directly owned shares) with a market share of approximately 12 per cent. at 31st December, 2011 according to the quarterly publication *Sparbarometern*. In the Baltic countries, taken together, SEB is the second largest bank by lending market share (according to the most recently available central bank and bank association statistics in those countries). SEB is also a leading provider of unit-linked insurance in the Nordic region, where it was ranked first in Sweden by premium income (cash paid in under insurance policies) on existing unit linked policies and new policies written and measured during the period from January 2011 to December 2011, with a market share of approximately 20 per cent. during the period. Also, SEB held approximately 12 per cent. of total household savings in unit-linked insurance and traditional life insurance plans in Sweden as at 31st December, 2011, in each case based on data from the Swedish Insurance Federation and *Sparbarometern*.

### ***Diversified revenue base and strong focus on operational efficiency***

SEB has a diversified revenue base, including interest income on customer loans and other interest-bearing assets; fees and commissions from equities, fixed-income and foreign exchange trading; income from payment transactions; advisory and asset management service fees; and income from its life insurance operations. In addition, SEB's business is diversified across customer segments (including large- and mid-cap corporate and institutional customers and retail, mass affluent and private banking individuals) and geographic markets (including, among others, the Nordic and Baltic countries and Germany). Moreover, SEB continues to maintain a strong focus on improving its operational efficiency. The stability of SEB's revenue base and its commitment to operational efficiency are demonstrated by its generation of operating profits in each quarter since 1st January, 1999.

### ***Disciplined risk management***

Comprehensive risk management is fundamental to the long-term profitability and stability of the Group and is a core area of focus for SEB. Since the Swedish banking crisis in the early 1990s, SEB has focused on enhancing its risk management systems and controls. Board supervision, a formal decision-making structure, a high level of risk awareness among staff, Group-wide principles and controlled risk-taking within established limits are the cornerstones of SEB's risk management. To secure financial stability, risk-related issues are identified, monitored and managed at early stages and form an integral part of SEB's long-term planning processes. For instance, due to concerns about overheating in the Baltic lending market, SEB introduced conservative and cautious lending processes as early as 2005, resulting in reduced lending market shares in these countries since then. SEB believes that its risk management culture and processes have positioned it well to manage risks as they have arisen during the global recession.

### ***Well-diversified funding base***

SEB has a strong deposit gathering franchise in its core markets through its Retail Banking division and, in the cash-management and custody operations, through its Merchant Banking division.

Deposits and borrowing from the public, excluding repos, fell by 9 per cent. between 31st December, 2009 and 31st December, 2010, in part reflecting the strengthening of the Swedish krona and the exclusion of deposits in Retail Germany that were included in liabilities held for sale at 31st December, 2010. Between 31st December, 2010 and 31st December, 2011, deposits and borrowing from the public, excluding repos, increased by 19 per cent. principally due to an increase in deposits from companies and, to a lesser extent, the public sector and private individuals. Between 31st December, 2011 and 31st March, 2012, deposits and borrowing from the public, excluding repos, decreased by 9 per cent. principally due to a fall in corporate deposits. At 31st March, 2012, total deposits and borrowing from the public (excluding deposits from credit institutions and repos) amounted to 47 per cent. of the total funding base, and the ratio of loans to deposits (excluding the reclassified loan portfolio and repos) was 144 per cent., which SEB believes compares favourably to its Nordic peers. SEB's funding base comprises the sum of deposits from credit institutions (excluding repos), deposits and borrowing from the public (excluding repos), debt securities and subordinated debt.

SEB benefits from a well-diversified funding base, with good access to both short- and long-term financing sources. During 2011 and in the first quarter of 2012, SEB raised SEK 126 billion and SEK 40 billion, respectively, in long-term funding in the domestic Swedish and European covered bond and senior unsecured debt markets. Mortgage covered bonds accounted for 18 per cent. of the total funding base at 31st March, 2012.

SEB had good access to the long- and short-term capital markets and the Swedish covered bond market throughout 2009, 2010 and 2011 and in the first quarter of 2012.

## **History of SEB**

Skandinaviska Enskilda Banken AB (publ) was incorporated under the laws of Sweden in 1972 through the amalgamation of Stockholms Enskilda Bank and Skandinaviska Banken as a limited liability company with registration number 502032-9081. Stockholms Enskilda Bank was founded in 1856 by André Oscar Wallenberg as Stockholm's first privately-held bank. Skandinaviska Kreditaktiebolaget (later Skandinaviska Banken) commenced operations in 1864 as Stockholm's second privately-held bank.

Since its foundation, the cornerstones of SEB's business have been its long-standing customer relationships, entrepreneurship and an international outlook. These pillars have, together with the joint heritage of SEB's main shareholder, Investor AB, provided a vital foundation for building Sweden's robust export sector, comprising internationally leading companies across a variety of industries.

In the 1990s, SEB set out a strategy focused on international expansion, long-term savings and the use of information technology to improve products and services for customers. In implementing this strategy, SEB restructured its operations, invested in new technologies, including e-banking solutions, and made strategic acquisitions.

The acquisition of Trygg-Hansa AB in 1997 enabled SEB to offer its customers a range of life insurance and pension savings products. To strengthen its presence in Northern Europe, SEB acquired the German bank BfG Bank AG (now SEB AG) in 2000. In the decade between 1998 and 2008, SEB also made investments in three Baltic banks, Eesti Uhispank in Estonia, Latvijas Unibanka in Latvia and Vilniaus Bankas in Lithuania. In 2000 to 2001, it acquired stakes aggregating 47.5 per cent. in Poland's Bank Ochrony Środowiska (**BOŚ**). These acquisitions were aimed at meeting increased client needs in those countries and at taking advantage of the long-term growth potential in the Baltic region and in Eastern Europe. During 2006, SEB sold its holding in BOŚ due to difficulties in gaining control and in realising its plans and instead opened a branch in Poland. SEB has taken further steps to support its customers in the Baltic countries and in Eastern Europe through acquisitions of the Latvian life insurance company, Balta Life, and of Bank Agio in Ukraine (renamed SEB Bank in May 2006). In addition, in April 2006, SEB acquired the Russian bank, PetroEnergoBank (renamed SEB Bank in the autumn of 2007). In 2007, SEB expanded in Ukraine by purchasing Factorial Bank, a bank with 65 branch offices in eastern Ukraine. In 2008, SEB acquired GMAC Commercial Finance Sp. z o.o. (**GMAC Commercial Finance**) in Poland, expanding its product offerings in the country to factoring and related services.

Through other acquisitions, including Diners Club Nordic (in 1994), the private bank Gyllenberg in Finland (in 1997) which was merged into SEB in 2010, Orkla Finans in Norway (in 2000), Europay (the **Eurocard business**) in Norway (in 2002), Eurocard in Denmark (in 2004), Codan Pension in Denmark, now SEB Pension (in 2004), ABB Credit Oy in Finland (in 2005), Privatbanken in Norway (in 2005), KAM Group Limited (Key Asset Management) (in 2008) and Astrup & Partners AS in Norway (in 2009), SEB has further expanded its position in the Nordic region.

On 31st January, 2011, SEB completed the sale of its German retail banking business (which was part of the SEB AG business) in line with its strategy of concentrating on large corporate and institutional banking and wealth management activities in Germany and the Nordic countries outside Sweden. In November 2011, SEB announced an agreement to sell its retail banking operations in Ukraine. SEB will remain in Ukraine as a corporate bank serving its Nordic, Baltic and German corporate and institutional customers. The sale was completed in June 2012.

From its origins as primarily a Swedish bank established over 150 years ago, SEB has become a leading Nordic financial services group, with more than one-half of its customers and staff located outside Sweden.

## **Strategy**

### ***Relationship focus***

SEB's long-term goal is to be the relationship bank of the Nordic region. SEB intends to focus on excelling in universal banking in Sweden, Estonia, Latvia and Lithuania by providing a full range of banking, wealth management and life insurance services to corporations, institutions and private individuals. SEB also intends to expand in core areas of strength, such as wholesale banking and wealth management, in both the Nordic area and in Germany. In addition, SEB intends to expand selectively its life insurance and card services in the Nordic area and to support SEB's customers internationally through its network of strategic locations in major global financial centres. By becoming the relationship bank in its chosen markets, SEB expects to fulfil its mission to

help people and businesses thrive by providing quality advice and financial resources and to achieve its vision to be the trusted partner for customers with aspirations.

Throughout the last few years, characterised by financial and sovereign debt crises and a fragile global economy, SEB's actions have been guided by its relationship focus. In this uncertain environment, SEB provided financing, risk management products and advisory services to its customers including at times when the markets were partially closed. SEB also developed its offering of savings products in asset management along with private banking and life insurance solutions to hedge downside risk. SEB's rights issue and the long-term funding it raised in 2009 ensured its capacity to extend this support. In the Baltic countries, SEB continued its efforts to build a robust banking platform and a strong customer franchise.

SEB believes that its experience in recent years demonstrates the merits of its ongoing evolution towards a relationship bank. This development represents a progression of the "Road to Excellence" programme that was established in 2006 with an initial focus on increased integration of SEB's organisation and a movement towards providing operational excellence through enhanced productivity and efficiency. SEB is continuing its work on integration within the Group in order to increase cross-selling and extract cost synergies through more efficient use of common resources. Toward this end, SEB has established a Group-wide programme, called SEB Way, which streamlines processes so that resources can be freed up and used more productively to generate further business. The programme has been implemented in all parts of the Group and has established a favourable track record for both sales and support functions.

SEB believes that customer excellence is achieved by ensuring that the customer's perspective is taken into account in everything that SEB does, by empowering employees to make the right decisions for the customer and SEB, and by adhering to the fundamental tenet that customer loyalty leads to long-term profitability.

#### ***Growth strategy***

Going forward, SEB expects to invest principally in three areas: large corporate business in the Nordic countries and Germany, SMEs in Sweden, and general savings and asset management, each as discussed further below. SEB believes that there are favourable conditions for expansion in these areas. SEB's expansion is expected to be primarily organic, driven by a growing share of existing customers' business, greater activity among new customers and an increase in lending. This expansion is intended to be balanced by continued strong risk management and thorough risk analysis.

#### ***Business bank in the Nordic countries and Germany***

SEB believes that it holds a strong position in the large corporates segment. SEB's market position as a relationship bank has traditionally been especially strong in Sweden, while its establishment in the other Nordic countries and Germany has been based on established leadership positions in specific product areas. The broadening in scope from product provider to financial partner has been under way since 2006, although as a consequence of the financial crisis, SEB believes that new opportunities have arisen to both expand the customer base and broaden existing customer relationships. The need of business customers for an established long-term and stable banking relationship has become clear during the recent crises, when interest among international banks to continue operating in the Nordic countries decreased. SEB is currently one of the top three business banks in Denmark, Finland and Norway and is looking to exploit that position to increase its market shares. In Germany, where SEB has been a wholesale bank for 35 years, it continues to pursue growth among larger medium-sized companies.

The focus of growth will initially be on a limited number of corporate customers, where SEB's analysis has shown that the opportunities to deepen its relationships are especially favourable. Since intensification of this strategy in the Nordic countries and Germany in 2010, more than 220 new relationships have been established with large corporate customers and the credit volume with large corporate customers has grown by more than SEK 110 billion, which is in line with SEB's target of SEK 150-200 billion during the 2010-2012 period. The work on deepening these relationships and establishing new ones is expected to continue.

#### ***Growth in SME business customers in Sweden***

In the SME customer segment, SEB has historically had a market share of less than 10 per cent. in Sweden. SEB has undertaken a range of initiatives to improve service for small businesses, including investments in increasing the number of company advisers, establishing business centres and reducing complexity. As a result, Swedish SME business has grown and, since the start of 2007, the number of customers in the SME segment has increased from 77,000 to 125,000 at 31st March, 2012 and the loans to Swedish SMEs has increased from SEK 59 billion at 31st December, 2007 to SEK 118.3 billion at 31st March, 2012. SEB's market share as of 31st March, 2012 was approximately 12 per cent. and SEB's target is to reach 15 per cent. Customer satisfaction has

also improved. In 2011, SEB was, for the third consecutive year, named Small Business Bank of the Year by the private finance magazine *Privata Affärer*.

#### *Cohesive savings offering*

The third prioritised growth area involves presenting a cohesive and advice-oriented savings offering for SEB's customers regardless of whether their interest is in short-term or long-term savings. SEB has a strong position in the savings segment, with a market-leading position in private banking in Sweden and in unit linked insurance in the Nordic countries, and with a growing deposit base from private persons, companies and institutions. SEB has a broad offering of savings products designed to meet all customer needs. SEB intends to consolidate its advisory activities together with product development in a single organisation to ensure consistency of service and enable it to better meet customers' needs for savings solutions in a financial environment characterised by high volatility. SEB is also focused on ensuring that its offering takes account of the long-term shifts that are taking place in demographics and in individuals' needs for financial security after retirement.

#### *Other business areas*

In addition to its three strategic growth areas, SEB also seeks to grow in other business areas, such as the card business and the Baltic branch operations. Geographically, SEB's presence in the Nordic, Baltic and German markets is complemented by international establishment or strategic alliances with regionally leading players. The most recent addition to SEB's international presence was the opening of a branch in Hong Kong, from which SEB expects to offer a wide range of products to corporate clients and global financial institutions. SEB believes that its strong capital base and funding, solid market positions, competitive edge in the Nordic corporate market and support from its largest shareholder, Investor AB, are all advantages that will help it to exploit effectively market opportunities as they arise.

#### ***Adapting to a new regulatory framework***

One key factor in assessing SEB's financial strength is the regulatory developments that are taking place internationally. In general, the regulatory changes require banks to retain more capital, including common equity, and a higher level of liquidity and to secure funding with longer maturities with the aim of creating a more stable global financial system. Although additional clarity surrounding the requirements on Swedish banks' capital and liquidity was provided toward the end of 2011, the final position is still not clear. However, Sweden is expected to impose stricter capital adequacy rules than required by Basel III as implemented in the European Union by CRD IV and is likely to implement the new rules faster than many other countries.

#### ***Uncertain banking environment***

The banking environment remains uncertain and continues to require a strong and resilient foundation on which SEB can pursue its strategic direction. Having the required flexibility to accelerate or temper growth as needed, together with the capacity and focus to execute the strategy, will remain the key to success. To further strengthen SEB's resilience, work on a competitive and effective cost base was intensified in 2011. The 2011 total operating costs of SEK 23.1 billion were in line with SEB's target to keep costs below SEK 24 billion in 2011. SEB's ambition is to maintain costs below this level until 2014.

#### **Share Capital and Shareholders**

The Bank's share capital is expressed in SEK and is distributed among the shares issued by the Bank. The Bank has two classes of shares outstanding: the A Shares and the C Shares. Each A Share carries one vote and each C share carries 0.1 vote. Each shareholder entitled to vote at a meeting may vote the full number of shares owned without limitation. Following the shareholders' resolution at the AGM of the Bank held on 6th March, 2009 and pursuant to the Bank's Articles of Association adopted at such AGM, the share capital shall amount to not less than SEK 10,000,000,000 and not more than SEK 40,000,000,000 and the number of shares shall not be less than 1,000,000,000 and shall not exceed 4,000,000,000. Each A Share and each C Share carries equal rights to dividends and any surplus in connection with liquidation.



The following table shows the Bank's issued share capital as at 31st March, 2012:

| Share series | Number of Shares     | Votes                | Percentage of |               |
|--------------|----------------------|----------------------|---------------|---------------|
|              |                      |                      | Capital       | Votes         |
| A .....      | 2,170,019,294        | 2,170,019,294        | 98.9%         | 99.9%         |
| C .....      | 24,152,508           | 2,415,251            | 1.1%          | 0.1%          |
| Total.....   | <u>2,194,171,802</u> | <u>2,172,434,545</u> | <u>100.0%</u> | <u>100.0%</u> |

On 31st March, 2012 the Bank had 285,223 shareholders. As of 31st March, 2012, the ten largest and 100 largest shareholders held 47.8 per cent. and 64.4 per cent., respectively, of the Bank's total share capital, and 48.0 per cent. and 64.5 per cent., respectively, of the total votes in the Bank. 176,216 shareholders, or around 62 per cent. of all shareholders, held 500 shares or less as of 31st March, 2012. Non-Swedish shareholders held approximately 23 per cent. of the Bank's share capital as of 31st March, 2012. According to SIS Ägarservice AB/Euroclear, SEB's shares are among the five most commonly owned listed shares in Sweden in terms of the number of shareholders.

As of 31st March, 2012 there were five shareholders in the Bank holding more than 1.7 per cent. of the share capital, as shown in the table below.

| 31st March, 2012                      | Number of Shares | Of which C shares | Percentage of all |       |
|---------------------------------------|------------------|-------------------|-------------------|-------|
|                                       |                  |                   | Shares            | Votes |
| Investor AB .....                     | 456,089,264      | 2,725,000         | 20.8%             | 20.9% |
| Trygg Foundation <sup>(1)</sup> ..... | 177,447,478      | 0                 | 8.1%              | 8.2%  |
| Alecta <sup>(2)</sup> .....           | 160,540,000      | 0                 | 7.3%              | 7.4%  |
| Swedbank/Robur Funds.....             | 63,170,806       | 0                 | 2.9%              | 2.9%  |
| SEB Funds.....                        | 38,168,147       | 0                 | 1.7%              | 1.8%  |

(1) Sw: Trygg-Stiftelsen.

(2) Sw: Alecta pensionsförsäkring ömsesidig.

### Corporate objects and purposes

In accordance with article three of the Bank's articles of association, its principal corporate objects and purposes are to carry on such banking and financial activities as are referred to in Chapter 1, Section 3 and Chapter 7, Section 1 of the Swedish Banking and Financing Business Act (2004: 297), together with all activities related thereto.

### Business Activities

SEB's activities are currently organised in five customer-oriented divisions and three Group-wide support functions (Group Operations, Group IT and Group Staff) in order to streamline operations and front-office support.

The divisions are:

- Merchant Banking;
- Retail Banking;
- Wealth Management;
- Life; and
- Baltic

#### *Merchant Banking*

The Merchant Banking division is primarily responsible for SEB's activities relating to large and medium-sized corporations (generally those corporations with annual revenues in excess of SEK 500 million or its equivalent), financial institutions and commercial real estate clients. Merchant Banking has three business areas:

- Trading and Capital Markets – which includes SEB's foreign exchange, fixed-income, equities and capital markets businesses;
- Global Transaction Services – which includes SEB's cash management, trade finance, leasing and factoring and custody businesses; and
- Corporate Banking – which includes SEB's client relationship management function, commercial real estate, corporate finance and structured finance businesses.

The Merchant Banking division's business areas collectively cover a wide range of business activities, the main ones being: lending and debt capital markets; trading in equities, currencies, fixed-income, commodities, derivatives, futures and exchange traded funds; advisory services, brokerage, research and trading strategies within equity, fixed-income, commodities and foreign exchange markets; prime brokerage and securities-related financing solutions; corporate finance; export, project and asset-backed finance, acquisition finance; venture capital; cash management, liquidity management and payment services; custody and fund services; and trade and supply chain financing.

SEB's Merchant Banking division operates in the Nordic and Baltic countries and Germany and is supported through SEB's network of international branches, subsidiaries and representative offices in London, New York, Singapore, Luxembourg, Paris, Beijing, Shanghai, Warsaw, Moscow, New Delhi, Hong Kong and elsewhere. The division had 2,506 FTEs in the continuing operations as of 31st March, 2012.

The following table sets out certain financial and other information for the Merchant Banking division for the three months ended 31st March, 2012 and 2011, extracted from the Interim Report. The financial and other information for the years ended 31st December, 2011 and 31st December, 2010 is extracted from the 2011 Annual Report.

|   | <b>As at/for the three months<br/>ended 31st March,</b> |             | <b>As at/for the year<br/>ended 31st December,</b> |             |
|---|---|-------------|--|-------------|
|   | <b>(unaudited)</b>                                      |             |  |             |
|   | <b>2012</b>   | <b>2011</b> | <b>2011</b>  | <b>2010</b> |
| Total operating income ( <i>SEK m</i> ) .....               | 4,235   | 4,111       | 17,529   | 16,291      |
| Total operating expenses ( <i>SEK m</i> ).....              | (2,213)   | (2,320)     | (8,983)  | (8,778)     |
| Operating profit ( <i>SEK m</i> ).....                      | 1,941   | 1,746       | 8,321  | 7,330       |
| Percentage of Group total operating income <sup>1)</sup> .. | 44  | 43          | 45   | 46          |
| Percentage of Group operating profit <sup>1)</sup> .....    | 52  | 41          | 49   | 57          |
| Percentage of Group staff <sup>2)</sup> .....               | 15  | 14          | 15   | 15          |
| Cost/income ratio.....                                      | 0.52  | 0.56        | 0.51   | 0.54        |
| Business equity ( <i>SEK bn</i> ) .....                     | 37.5  | 25.6        | 26.7   | 25.8        |
| Return on equity <sup>3)</sup> (%) .....                    | 15.3  | 19.7        | 22.4   | 20.5        |

(1) The division's percentage share of the corresponding line item of the Group is calculated based on the Group's consolidated financial information, which includes "Other incl. eliminations".

(2) Approximately 32 per cent. of SEB's staff is allocated to various support functions rather than to a particular division. Group staff percentages are based on continuing operations.

(3) Return on equity is calculated using as an assumed tax rate of 26 per cent.

### *Retail Banking*

SEB's Retail Banking division provides services mainly to private individuals and SMEs. The Retail Banking division consists of two business areas:

- Retail Sweden; and
- Card (the SEB Kort AB group of companies).

Prior to its sale (which was completed on 31st January, 2011), Retail Germany also formed part of the Retail Banking division.

The Retail Banking division serves approximately 1.6 million private customers and approximately 190,000 SME customers, of which more than 125,000 are active users of the Bank's cash management services. This division's product range includes advisory services, mortgage and other lending, savings products and cards for

both SMEs and private individuals in Sweden. The division had 3,583 FTEs in the continuing operations as of 31st March, 2012.

SEB's Retail Banking division's customers have access to the range of SEB's product offerings and services through 165 branch offices in Sweden, internet banking and personal telephone banking services. Retail Banking also provides automatic bank service machines (including ATMs and machines for cash deposits).

The Card business area had a total of approximately 3.4 million charge, credit, debit and co-branded cards in issue as of 31st March, 2012 in the Nordic region. SEB's card issuing business includes brands such as Eurocard and Diners Club. SEB's Card business also includes credit card administration and a merchant acquiring business, under which it has agreements with more than 200,000 retailers to guarantee payments in connection with card purchases made by customers.

The following table sets out certain financial and other information for the Retail Banking division for the three months ended 31st March, 2011 and 2010, extracted from the Interim Report. The financial and other information for the years ended 31st December, 2010 and 31st December, 2009 is extracted from the 2010 Annual Report.

|   | As at/for the three months<br>ended 31st March, |         | As at/for the year ended<br>31st December, |         |
|---|---|---------|--|---------|
|   | (unaudited)                                     |         |  |         |
|   | 2012  | 2011    | 2011                                       | 2010    |
| Total operating income (SEK m) .....                        | 2,520   | 2,215   | 9,419                                      | 8,569   |
| Total operating expenses (SEK m).....                       | (1,517)   | (1,574) | (6,341)                                    | (6,115) |
| Operating profit (SEK m).....                               | 901   | 544     | 2,602                                      | 1,910   |
| Percentage of Group total operating income <sup>1)</sup> .. | 26  | 23      | 24   | 23      |
| Percentage of Group operating profit <sup>1)</sup> .....    | 24  | 13      | 15   | 15      |
| Percentage of Group staff <sup>2)</sup> .....               | 21  | 21      | 21   | 21      |
| Cost/income ratio.....                                      | 0.60  | 0.71    | 0.67                                       | 0.71    |
| Business equity (SEK bn) .....                              | 14.0  | 9.9     | 10.2                                       | 9.7     |
| Return on equity <sup>3)</sup> (%) .....                    | 19.0  | 16.2    | 18.9                                       | 14.5    |

(1) The division's percentage share of the corresponding line item of the Group is calculated based on the Group's consolidated financial information, which includes "Other incl. eliminations".

(2) Approximately 32 per cent. of SEB's staff is allocated to various support functions rather than to a particular division. Group staff percentages are based on continuing operations.

(3) Return on equity is calculated using an assumed average tax rate of 26 per cent.

### Wealth Management

The Wealth Management division consists of two business areas:

- Institutional Clients – which provides asset management services to institutions, foundations and life insurance companies, and is responsible for the investment management, marketing and sales of SEB's mutual funds; and
- Private Banking – which serves the higher end of the private individual segment with wealth management services and advice.

Wealth Management's operations are located mainly in the Nordic and Baltic countries, Germany and Luxembourg. Private Banking is mainly concentrated in Sweden, with international operations in Luxembourg. The product range offered by this division includes equity and fixed-income, private equity, real estate and hedge fund management. The division distributes its services mainly through its institutional client sales force, SEB's retail network and its own private banking units in SEB's core markets and in the United Kingdom, Singapore, Switzerland and Luxembourg, as well as through third-party distributors.

As of 31st March, 2012, SEB was the second largest wealth manager in the Nordic region, with assets under management totalling SEK 1,077 billion. The Wealth Management division had 1,005 FTEs and assets under management of SEK 1,226 billion as of 31st March, 2012.

The following table sets out certain financial and other information for the Wealth Management division for the three months ended 31st March, 2012 and 2011, extracted from the Interim Report. The financial and other

information for the years ended 31st December, 2011 and 31st December, 2010 is extracted from the 2011 Annual Report.

|  | As at/for the three months<br>ended 31st March,<br>(unaudited) |       | As at/for the year ended<br>31st December, |         |
|--|--|-------|--|---------|
|  | 2012   | 2011  | 2011                                       | 2010    |
| Total operating income (SEK m) .....                           | 999  | 1,154 | 4,447                                      | 4,384   |
| Total operating expenses (SEK m).....                          | (690)  | (748) | (2,957)                                    | (2,910) |
| Operating profit (SEK m).....                                  | 310  | 405   | 1,481                                      | 1,477   |
| Percentage of Group total operating income <sup>1)</sup> ..... | 10   | 12    | 12   | 12      |
| Percentage of Group operating profit <sup>1)</sup> .....       | 8  | 9     | 9  | 11      |
| Percentage of Group staff <sup>2)</sup> .....                  | 6  | 6     | 6  | 6       |
| Cost/income ratio.....   | 0.69   | 0.65  | 0.66                                       | 0.66    |
| Business equity (SEK bn) .....                                 | 6.2  | 5.0   | 5.0  | 5.3     |
| Return on equity <sup>3)</sup> (%) .....                       | 14.8   | 23.1  | 21.3                                       | 20.2    |

(1) The division's percentage share of the corresponding line item of the Group is calculated based on the Group's consolidated financial information, which includes "Other incl. eliminations".

(2) Approximately 32 per cent. of SEB's staff is allocated to various support functions rather than to a particular division. Group staff percentages are based on continuing operations.

(3) Return on equity is calculated using as an assumed tax rate of 26 per cent.

### Life

The Life division operates mainly under SEB Trygg Liv Holding AB (**SEB Trygg Liv**), a wholly owned subsidiary of the Bank, and its various SEB Trygg Liv subsidiaries, which provide both unit-linked and traditional life insurance. The Life division had approximately 1.8 million customers at 31st March 2012 and is organised into three business areas:

- SEB Trygg Liv (Sweden);
- SEB Pension (Denmark); and
- SEB Life & Pension International.

This division offers products within the area of pension and life insurance for individuals and corporations, mainly in Sweden, Denmark and the Baltic countries. While the Life division offers both unit-linked and traditional insurance, its sales focus is on unit-linked insurance, representing 84 per cent. of the division's total sales in 2011.

Certain portions of SEB's traditional life insurance business are run through entities or under portfolios and funds that are not consolidated into the Group's accounts.

The Life division's products are distributed through the retail branch network, insurance mediators and agents and approximately 375 of SEB's own insurance sales personnel in Sweden, Denmark and the Baltic countries. The division had 1,305 FTEs as of 31st March, 2012.

The following table sets out certain financial and other information for the Life division for the three months ended 31st March, 2012 and 2011, extracted from the Interim Report. The financial and other information for the years ended 31st December, 2011 and 31st December, 2010 is extracted from the 2011 Annual Report.

|  | As at/for the three months<br>ended 31st March,<br>(unaudited) |       | As at/for the year ended<br>31st December, |         |
|--|--|-------|--|---------|
|  | 2012   | 2011  | 2011                                       | 2010    |
| Total operating income (SEK m) .....                           | 1,215  | 1,130 | 4,471                                      | 4,539   |
| Total operating expenses (SEK m).....                          | (673)  | (619) | (2,514)                                    | (2,402) |
| Operating profit (SEK m).....                                  | 542  | 511   | 1,957                                      | 2,137   |
| Change in surplus value, net (SEK m) .....                     | 83   | 27    | 1,188                                      | 1,045   |
| Business result <sup>1)</sup> (SEK m).....                     | 625  | 538   | 3,145                                      | 3,182   |
| Percentage of Group total operating income <sup>2)</sup> ..... | 13   | 12    | 11   | 12      |

|   | As at/for the three months<br>ended 31st March, |      | As at/for the year ended<br>31st December, |      |
|---|---|------|--|------|
|   | (unaudited)                                     |      | 2011                                       | 2010 |
|   | 2012  | 2011 |  |      |
| Percentage of Group operating profit <sup>2)</sup> .....      | 15  | 12   | 11   | 16   |
| Percentage of Group staff <sup>3)</sup> .....                 | 8   | 7    | 8  | 7    |
| Business equity ( <i>SEK bn</i> ) .....                       | 6.5   | 6.4  | 6.4  | 6.0  |
| Return on equity based on business result <sup>4)</sup> (%).. | 33.5  | 29.6 | 43.2                                       | 46.7 |

- (1) An insurance company's costs for an insurance policy mainly arise when the contract is written. Income, on the other hand, accrues regularly throughout the duration of the policy. This means that in periods of rapid sales' growth in the insurance portfolio, actual costs exceed income, which thus has a negative impact on the operating result. At the same time, surplus values in operations increase. In order to provide a more true presentation of the life insurance business, the total business result is presented including the current period change in surplus values being the present value of future profits from existing insurance contracts.
- (2) The division's percentage share of the corresponding line item of the Group is calculated based on the Group's consolidated financial information, which includes "Other incl. eliminations".
- (2) Approximately 32 per cent. of SEB's staff is allocated to various support functions rather than to a particular division. Group staff percentages are based on continuing operations.
- (3) Return on equity is calculated using an assumed tax rate of 12 per cent.

### **Baltic**

The Baltic division serves approximately 1.8 million private customers and approximately 126,000 active SME customers and is responsible for retail and corporate banking, trading and capital markets and transaction services to Estonian, Latvian and Lithuanian clients. The financial consequences of corporate finance, structured finance, wealth management and life services provided in these countries are recorded in the Merchant Banking, Wealth and Life divisions, respectively. This division's product range includes advisory services, mortgage and other lending, savings products and cards for both SMEs and private individuals in Estonia, Latvia and Lithuania. The division had 3,026 FTEs as of 31st March, 2012.

The Baltic division's customers have access to the range of SEB's product offerings and services through 122 branch offices in the Baltic countries, internet banking and personal telephone banking services. The Baltic division also provides automatic bank service machines (including ATMs and machines for cash deposits).

The Baltic division is organised into three business areas by country:

- Estonia;
- Latvia; and
- Lithuania.

The following table sets out certain financial and other information for the Baltic division for the three months ended 31st March, 2012 and 2011, extracted from the Interim Report. The financial and other information for the years ended 31st December, 2011 and 31st December, 2010 is extracted from the 2011 Annual Report.

|  | As at/for the three months<br>ended 31st March, |       | As at/for the year ended<br>31st December, |         |
|--|---|-------|--|---------|
|  | (unaudited)                                     |       | 2011                                       | 2010    |
|  | 2012  | 2011  |  |         |
| Total operating income ( <i>SEK m</i> ) .....                  | 789   | 740   | 3,206                                      | 3,340   |
| Total operating expenses ( <i>SEK m</i> ) .....                | (455)   | (428) | (1,945)                                    | (2,201) |
| Operating profit ( <i>SEK m</i> ) .....                        | 311   | 886   | 2,748                                      | 261     |
| Percentage of Group total operating income <sup>1)</sup> ..... | 8   | 8     | 8  | 9       |
| Percentage of Group operating profit <sup>1)</sup> .....       | 8   | 21    | 16   | 2       |
| Percentage of Group staff <sup>2)</sup> .....                  | 18  | 19    | 19   | 20      |
| Cost/income ratio .....  | 0.58  | 0.58  | 0.61                                       | 0.66    |
| Business equity ( <i>SEK bn</i> ) .....                        | 8.1   | 8.3   | 8.1  | 11.8    |
| Return on equity <sup>3)</sup> (%) .....                       | 14.0  | 37.3  | 30.0                                       | 2.2     |

- (1) The division's percentage share of the corresponding line item of the Group is calculated based on the Group's consolidated financial information, which includes "Other incl. eliminations".

- (2) Approximately 32 per cent. of SEB's staff is allocated to various support functions rather than to a particular division. Group staff percentages are based on continuing operations.
- (3) Return on equity is calculated using as an assumed average tax rate in the three Baltic countries.

## Competition

In Sweden, the banking system is highly consolidated, with the four largest banking groups – Nordea Bank AB (**Nordea**), SEB, Svenska Handelsbanken AB and Swedbank AB (**Swedbank**) – accounting for approximately 79 per cent. of the total assets on the banking market as of 31st December, 2011, according to Statistics Sweden. These four banks together represented approximately 72 per cent. of total Swedish customer deposits and approximately 73 per cent. of total customer lending as of 31st December, 2011. Each of these banks offers comprehensive banking services to the entire Swedish corporate client base targeted by the Merchant Banking division. Despite their significant incumbent market shares, the four largest Swedish banks compete keenly both in terms of price as well as service, particularly in respect of the deposit market. This competitive environment is evidenced by the relatively low margins and fees in Sweden for the full range of corporate and retail financial services, in common with other well developed and consolidated European banking markets.

In the Swedish life insurance market, SEB's main competitors are Försäkringsaktiebolaget Skandia and Länsförsäkringar AB.

The three major banks in Sweden that SEB competes with are also key competitors from a Nordic perspective. SEB's main competitor in Finland is Nordea, both in the corporate and wealth management segments. Sampo Bank ABP (part of Danske Bank A/S) is also a key competitor in Finland. In Norway, DnB NOR ASA and Fokus Bank ASA (also part of Danske Bank A/S) are the key competitors. SEB's two main competitors in Denmark are Danske Bank and Nordea. In the Danish life insurance market, Forsikringselskabet Danica (owned by Danske Bank A/S) is the main competitor, and other competitors include Nordea Pension and PFA Pension (PFA Holding A/S).

In Germany, SEB's business faces its primary competition from listed banks and the Landesbanken in the corporate banking area.

In the Baltic countries, SEB's main competitors are Swedbank, DnB Nord ASA, Danske banka A/S (previously Sampo banka) and Nordea Bank.

SEB also competes with other large international banks in the wholesale and investment banking area, although, following the global economic downturn in 2008 and 2009, these institutions have focused less on markets perceived as non-core (such as the Nordic countries). Since 2010, the competition from these banks has increased but not to the extent experienced before the global financial crisis.

## Subsidiaries

The Bank is the parent company of the Group. The Bank's most significant subsidiary is SEB AG which is headquartered in Frankfurt am Main, Germany. Other large subsidiaries are Fondförsäkrings AB, SEB Pension A/S, SEB Kort AB, AS SEB Pank (Estonia), AS SEB banka (Latvia) and AB SEB bankas (Lithuania), which are all wholly owned, except for AB SEB bankas. SEB's subsidiaries as of 31st December, 2011 are listed in Note 27 to the 2011 Financial Statements incorporated by reference in this Information Memorandum. In addition, a portion of SEB's traditional life insurance business is carried out through a non-consolidated entity, Gamla Liv, as described in Note 1, "Accounting Policies", to the 2011 Financial Statements.

## Properties

The Group's principal executive offices are located at Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden (telephone number: +46 771 62 10 00). It also operates through a number of other offices and branches located throughout the Northern European region and elsewhere internationally. In general, all of the Group's properties are leased.

## MANAGEMENT

The Board of Directors (the **Board**) has overall responsibility for the activities of the Group and decides on the nature of its business and its business strategies and goals.

The President is responsible for the day-to-day management of the Group's activities in accordance with the guidelines and established policies and instructions of the Board. The President reports to the Board.

The Group has three control functions, independent of the business operations: Internal Audit, Compliance and Risk Control.

### **Board of Directors**

Members of the Board are appointed by the shareholders at the annual general meeting for a term of office that lasts until the end of the next annual general meeting. In accordance with the Corporate Governance Code the Chairman of the Board is also appointed at the annual general meeting of the Bank's shareholders for a term of office until the end of the next annual general meeting. The Bank's articles of association specify that the Board shall consist of not less than six and not more than twelve members, with a maximum of six deputies. In addition, and in accordance with Swedish law, there must be directors appointed by the Bank's employees. At present, the Board has eleven members elected by the shareholders and two members and two deputies appointed by the Bank's employees. The President is the only member of the Board elected by the shareholders who is also an SEB employee.

The Board appoints and dismisses the President and his/her deputy as well as the Executive Vice Presidents, the Chief Risk Officer, the members of the Group Executive Committee and the Head of Group Internal Audit.

### **Committees of the Board of Directors**

At present, there are three committees within the Board: the Risk and Capital Committee, the Audit and Compliance Committee and the Remuneration and Human Resources Committee. Minutes are kept of each committee meeting and the committees submit regular reports to the Board. Neither the President nor any other officer of the Bank is a member of the Audit and Compliance Committee or the Remuneration and Human Resources Committee. The President is a member of the Risk and Capital Committee of the Board. The work of the Board committees is regulated through instructions adopted by the Board.

#### *Risk and Capital Committee*

The Risk and Capital Committee of the Board supports the Board in establishing and reviewing the Group's organisation so that it is managed in such a way that risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules. The Committee decides the principles and parameters for measuring and allocating risk and capital within the Group. The Committee reviews and makes proposals for Group policies and strategies, such as the Group Risk Policy and Risk Strategy, the Group Credit Policy, the Group Capital Policy, the Group Liquidity and Pledge Policy and the Group Trading and Investment Policy approved by the Board and monitors the implementation of these policies. It also tracks risks in the Group as they develop. The Risk and Capital Committee makes proposals to the Board regarding the decisions to be taken by the Board concerning limits for market and liquidity risks. The Risk and Capital Committee also prepares, for decision by the Board, a recommendation for the appointment and dismissal of the Chief Risk Officer.

As far as credit matters are concerned, the Risk and Capital Committee adopts credit policies and instructions that supplement the Group Credit Policy and the Group Credit Instruction and makes decisions on individual credit matters (matters of major importance or of importance as to principles). In addition, the Risk and Capital Committee reviews on a regular basis both significant developments in the credit portfolio and the credit evaluation process within the Group. It also examines matters relating to operational risk, market and liquidity risk and insurance risk.

As far as capital matters are concerned, the Risk and Capital Committee regularly reviews essential changes in the overall capital and liquidity situation and the capital adequacy situation of the Group, including the implementation of Basel II. The Risk and Capital Committee deals with changes in the Group's capital goals and with capital management matters, and makes proposals to the Board on such matters, including dividend levels and the set-up and utilisation of repurchase programmes of own shares. The Risk and Capital Committee consists of four members, including the President, and forms a quorum whenever a minimum of three members are present, including the Chairman or Deputy Chairman of the Risk and Capital Committee.

### *Audit and Compliance Committee*

The Audit and Compliance Committee of the Board supports the work of the Board in terms of quality control of the Group's financial reports and internal control over financial reporting. When required, the Audit and Compliance Committee also prepares, for decision by the Board, proposals for the appointment or dismissal of the Head of Group Internal Audit. The Audit and Compliance Committee maintains regular contact with the external and internal auditors of the Group and discusses the coordination of the external and internal audit. The Audit and Compliance Committee deals with the accounts and interim reports, as well as with audit reports, including any changes in the accounting rules. It is responsible for ensuring that any remarks and observations from the auditors are followed up. The Audit and Compliance Committee decides on guidelines for the services, other than auditing services, which may be procured by the Bank and the Group from the external auditors. It assesses the external auditors' work and independence and prepares proposals for new auditors prior to the annual general meeting's election of the auditors. The Audit and Compliance Committee establishes an annual audit plan for the internal audit function coordinated with the external audit plan.

The Audit and Compliance Committee also approves the President's proposal for the appointment and dismissal of the Head of Group Compliance and the Group's compliance plan. The internal audit and compliance activities are monitored on a continuous basis.

The Audit and Compliance Committee consists of three members, none of whom are employed by the Group. The Audit and Compliance Committee forms a quorum whenever a minimum of two members are present, including the Chairman or Deputy Chairman of the Audit and Compliance Committee.

### *Remuneration and Human Resources Committee*

The Remuneration and Human Resources Committee of the Board prepares, for decision by the annual general meeting, a proposal for remuneration principles applicable to the President and the members of the Group Executive Committee, as well as a proposal for decision by the Board as to remuneration of the President and members of the Group Executive Committee according to the principles established by the annual general meeting. The Remuneration and Human Resources Committee also prepares proposals for decision by the Board as to the remuneration of the Head of Group Internal Audit, the Head of Group Compliance and the Chief Risk Officer. The Remuneration and Human Resources Committee furthermore prepares matters regarding incentive programmes and pension plans, monitors the pension commitments of the Group and monitors, together with the Risk and Capital Committee of the Board, all measures taken to secure the pension commitments of the Group, including the development of the Group's pension foundations. It also discusses personnel matters of strategic importance, such as succession planning for strategically important positions and other management supply issues.

The Remuneration and Human Resources Committee consists of three members, none of whom is employed by the Group. The Remuneration and Human Resources Committee forms a quorum whenever a minimum of two members are present, including the Chairman or Deputy Chairman of the Remuneration and Human Resources Committee.

### **President**

The President is responsible for the day-to-day management of the Group in accordance with the guidelines and established policies and instructions of the Board. The Board regulates the Group's activities and decides how the Group's divisions, including the non-Swedish activities carried out within branches and subsidiaries, shall be governed and organised.

The President has three different committees at her disposal for the purpose of managing the Group's operations: the Group Executive Committee for business issues, the Group Credit Committee for credit issues and the Asset and Liability Committee for capital and risk issues.

### *Group Executive Committee*

In order to protect the Group's interests, the President consults with the Group Executive Committee (**GEC**) and, where applicable, its New Product Approval Committee on matters of major importance. The Group Executive Committee deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports.

The current members of the GEC are as follows:



| Name                   | Position, Other Assignments and Background  |
|------------------------|---|
| Annika Falkengren      | <p>President and Chief Executive Officer since November 2005.</p> <p><i>Other present assignments:</i> Deputy Chairman of the Swedish Bankers' Association. Director of Securitas AB. Member of the Supervisory Board of Volkswagen AG and Munich RE.</p> <p><i>Background:</i> Annika Falkengren started as an SEB trainee in 1987 and worked in Trading &amp; Capital Markets from 1988 to 2000. She was appointed Global Head of Fixed Income in 1995, Global Head of Trading in 1997 and Head of Merchant Banking in 2000. In 2001, she became Head of the Corporate &amp; Institutions division and Executive Vice President of SEB, and, in 2004, Deputy Group Chief Executive.</p> |
| Jan Erik Back          | <p>Executive Vice President, Chief Financial Officer since August 2008.</p> <p><i>Other present assignments:</i> None</p> <p><i>Background:</i> Jan Erik Back started his career at Svenska Handelsbanken AB, where he held various positions within finance between 1986 and 1998. He then moved to the insurance company, Skandia, where, after four years, he was appointed CFO. From 2007 to August 2008, Jan Erik Back was First Senior Executive Vice President and CFO of Vattenfall.</p>  |
| Magnus Carlsson        | <p>Executive Vice President, Head of Merchant Banking since 2005.</p> <p><i>Other present assignments:</i> None.</p> <p><i>Background:</i> Magnus Carlsson worked at the Bank of Nova Scotia between 1980 and 1993, holding several leading positions in London. He was first employed by SEB in 1993. He became Head of Project &amp; Structured Finance, SEB Merchant Banking, in 1996, and Head of Corporate Clients in 1999. He was also Deputy Head of SEB Merchant Banking and became Head of SEB's Merchant Banking division and an Executive Vice President of SEB in 2005.</p>   |
| Mats Torstendahl       | <p>Executive Vice President, Head of Retail Banking since January 2009.</p> <p><i>Other present assignments:</i> Vice Chairman of the Swedish Bankers' Association.</p> <p><i>Background:</i> Mats Torstendahl started his career at ABB in 1985. In 1987, he moved to Östgöta Enskilda Bank, where he was branch manager in Stockholm between 1996 and 2000. He was appointed Executive Vice President of Danske Bank in Sweden in 2001 and Senior Executive Vice President and Head of Danske Bank Sweden and a member of Danske Bank Group Executive Committee between 2004 and 2008.</p>  |
| Johan Andersson        | <p>Chief Risk Officer since November 2010.</p> <p><i>Other present assignments:</i> None.</p> <p><i>Background:</i> Johan Andersson held different positions within the Merchant Banking division in Stockholm, New York and London between 1980 and 1994. He moved to Group Credits in 1995, became Deputy Head of Group Credits and Risk in 2000. He was Head of Group Credits and Risk from 2004 until 2010.</p>   |
| Viveka Hirdman-Ryrberg | <p>Head of Group Communications since September 2009.</p> <p><i>Other present assignments:</i> None.</p> <p><i>Background:</i> Viveka Hirdman-Ryrberg was a consultant with Coopers &amp; Lybrand between 1987 and 1990. She was an analyst and</p>   |

| Name             | Position, Other Assignments and Background  |
|------------------|---|
| Martin Johansson | <p>asset manager within Wealth Management between 1990 and 1994 and was appointed as SEB's first Household Economist in 1994, a position she held until 2000. She was Head of Products at SEB Trygg Liv (Life division) between 2001 and 2004 and Group Press Officer between 2004 and 2006. She was appointed Head of the CEO Office in 2007.</p> <p>Head of Business Support since November 2011.</p> <p><i>Other present assignments:</i> None.</p> <p><i>Background:</i> Martin Johansson was with Citigroup between 1987 and 2005, first in Citibank Sweden, then in various assignments around the world, including Country Head in Portugal (1999-2002) and Country Head in Canada (2002-2005). Prior to that, he spent three years in Indonesia where he was responsible for the Corporate Banking business and Corporate Finance and four years in Brazil as a Senior Banker. In 2005, he joined SEB as Global Head of Client Relationship Management within Merchant Banking. He was Head of SEB's Baltic division between 2009 and 2011,</p> |
| Anders Johnsson  | <p>Head of Wealth Management since November 2010</p> <p><i>Other present assignments:</i> None</p> <p><i>Background:</i> Anders Johnsson started his career at Götabanken in 1981. He held different positions within SEB's Merchant Banking Division between 1984 and 1999 in Singapore, Stockholm, and Oslo. He was Head of Private Client, Head of Strategy and Analyses and Head of Equity Trading for private clients within SEB Private Banking between 1999 and 2003 and Head of Trading &amp; Capital Markets, Merchant Banking, between 2003 and 2010.</p>   |
| Ulf Peterson     | <p>Head of Group Human Resources since November 2010</p> <p><i>Other present assignments:</i> None</p> <p><i>Background:</i> Ulf Peterson has been a SEB employee since 1987. He became a Branch Manager in Uppsala in 1992, was appointed Credit Manager, Region North in 1995 and Deputy Regional Manager, Region North in 1997. He held the same positions in Region East between 1998 and 2000, after which he was appointed Business Area Manager, Operations. He was Global Head of Private Banking between 2002 and 2006 and Global Head of Staff, Retail between 2007 and 2010.</p>   |

#### *Group Credit Committee*

Until 2012, the Group Credit Committee (**GCC**) was the highest credit-granting body of the Group, with the exception of a few matters that are reserved for the Risk and Capital Committee of the Board. The GCC was responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes rules to the Risk and Capital Committee of the Board, if necessary. The GCC held 50 meetings during 2011.

#### *Group Risk and Credit Committee*

As of 2012, the GCC is replaced by the Group Risk and Credit Committee (**GRCC**). The GRCC is a decision making body that covers all risk types, making it possible to review portfolios, products and clients from a comprehensive risk perspective.

#### *Asset and Liability Committee*

The Asset and Liability Committee (**ALCO**) deals with issues relating to the overall risk level of the Group and its divisions, and determines risk limits and methods for risk-measuring and capital management, among other things. Within the framework of the Group Capital Policy and the Group Risk Policy, ALCO has established

policy documents for the responsibility and management of the risks of the Group and for the relationship between risk and capital. ALCO held 12 meetings during 2011.

### **Internal audit, compliance and risk control**

Group Internal Audit is an independent Group-wide function, reporting directly to the Board. The main responsibility of Group Internal Audit is to provide reliable and objective assurance to the Board and the President on the effectiveness of controls, risk management and governance processes with the aim of mitigating current and evolving risks and in so doing enhancing the control culture within the Group. The Head of Group Internal Audit reports regularly to the Audit and Compliance Committee of the Board and keeps the President and the Group Executive Committee regularly informed. The Audit and Compliance Committee adopts an annual plan for the work of Group Internal Audit.

The Group Compliance function is fully independent from the business operations, although it serves as a support function for the Group's business operations. It is also separated from the legal functions of the Group. Group Compliance is instructed to act proactively by providing information, advice, control and follow-up within the compliance areas. The areas of responsibility for Group Compliance include customer protection, market conduct, prevention of money laundering and financing of terrorism, and regulatory systems and control. The duties of the Group Compliance function are risk management, monitoring, reporting, development of internal rules within the compliance area, training and communication and relations with regulators. The Head of Group Compliance reports regularly to the President and the GEC and informs the Audit and Compliance Committee about compliance issues. Following a Group-wide compliance risk assessment and approval from the Audit and Compliance Committee, the President adopts an annual compliance plan.

The Board has the ultimate responsibility for the risk organisation and for the maintenance of satisfactory internal controls. The Board establishes the overall risk and capital policies and monitors the development of risk exposure. The Risk and Capital Committee works to ensure that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules. The Board's risk policies are supplemented by instructions issued by the Group's risk control function, Group Risk Control. Specific risk mandates are established by the Board and further allocated by board committees and executive management committees. Group Risk Control is responsible for monitoring the Group's risks, primarily credit risk, market risk, operational risk and liquidity risk.

The Board has adopted instructions for the internal audit and compliance activities of the Group. The President has adopted an instruction for the Group Risk Control activities.

### **Directors of SEB**

As at the date hereof, the members of the Board are as follows:

*Directors elected at the 2012 Annual General Meeting*

| <b>Name</b>                            | <b>Position</b>  |
|--|--|
| Marcus Wallenberg <sup>(2)(5)(7)</sup> | <i>Chairman of the Board.</i> Chairman of Saab AB, AB Electrolux and LKAB. Director of AstraZeneca PLC, Stora Enso Oyj, the Knut and Alice Wallenberg Foundation and Temasek Holdings (Private) Ltd.   |
| Tuve Johannesson <sup>(8)</sup>        | <i>Deputy Chairman of the Board.</i> Chairman of Ecolan International A/S. Director of Meda AB. Industrial advisor to JC Bamford Excavators Ltd and to EQT.  |
| Jacob Wallenberg                       | <i>Deputy Chairman of the Board.</i> Chairman of Investor AB. Deputy Chairman of Atlas Copco AB, Telefonaktiebolaget LM Ericsson and SAS AB. Director of ABB Ltd, the Knut and Alice Wallenberg Foundation, The Coca-Cola Company and Stockholm School of Economics.   |
| Johan H. Andresen, Jr.                 | Owner and Chief Executive Officer of the Ferd Group, Norway. Director of Junior Achievement Young Enterprise Europe, Junior Achievement Young Enterprise Norway and the Norwegian Microfinance Initiative (NMI). Member of Storebrand ASA Board of Representatives and the Corporate Partners Advisory Board at BI Norwegian School of Management. |
| Signhild Arnegård Hansen               | Chairman of SLC-Group AB, Svenska Lantchips AB, Utah Chips   |

| <b>Name</b>   | <b>Position</b>   |
|---|---|
|   | Corporation, Les Artisans du Gout Spr. Timbro (Fritt Näringsliv). Vice Chairman of the Swedish-American Chamber of Commerce, USA. Director of Loomis, IFL Executive Education (at Stockholm School of Economics). University Board of Lund University, the Research Institute of Industrial Economics, the Swedish-American Chamber of Commerce (New York), the Swedish Trade Council and Magnora AB. |
| Urban Jansson <sup>(1)</sup>                        | Chairman of Bergendahl & Son AB, EAB, HMS Networks AB and Svedbergs i Dalstorp. Director of Clas Ohlson AB and Höganäs AB.  |
| Birgitta Kantola <sup>(9)</sup>                     | Director of Nasdaq OMX (New York), StoraEnso Oyj and Nobina AB.   |
| Tomas Nicolin <sup>(6)</sup>                        | Director of Nordstjernan AB, Nobel Foundation, Axel and Margaret Ax:son Johnsons Foundation and the Centre for Justice and Research Institute of Industrial Economics. Member of Advisory Board of Stockholm School of Economics and the Investment Committee of NIAM Property Fund.  |
| Jesper Ovesen <sup>(3)</sup>                        | Director of FLSmidth & Co A/S and Orkla ASA.  |
| Carl Wilhelm Ros <sup>(4)</sup>                     | Director of Anders Wilhelmsen & Co A/S, Camfil AB, INGKA (Ikea) Holding B.V. and Bisnode Business Information Group AB.   |
| Annika Falkengren <sup>(3)</sup>                    | <i>President and Group Chief Executive Officer.</i> Deputy Chairman of the Swedish Bankers Association. Director of Securitas AB. Member of the Supervisory Board of Volkswagen AG and Munich RE.   |
| <i>Directors appointed by the employees:</i>        |   |
| Göran Lilja   | Chairman of the Financial Sector Union of Sweden SEB Group. Chairman of the Regional Club West of the same union. Director of the European Works Council SEB Group.   |
| Cecilia Mårtensson                                  | Deputy Chairman of Financial Sector Union of Sweden SEB Group. Chairman of local Club Group Operations of the same union. Director of Financial Sector Union of Sweden.   |
| <i>Deputy Directors appointed by the employees:</i> |   |
| Pernilla Pählman                                    | Second Deputy Chairman Financial Sector Union of Sweden SEB. Vice Chairman of Financial Sector Union of Sweden in SEB's local club Stockholm and East.  |
| Håkan Westerberg                                    | Chairman of the Association of University Graduates at SEB. Chairman of the Regional Association Stockholm of the same Association.   |

- (1) Chairman of Risk and Capital Committee of Board of Directors.
- (2) Deputy Chairman of Risk and Capital Committee of Board of Directors.
- (3) Member of Risk and Capital Committee of Board of Directors.
- (4) Chairman of Audit and Compliance Committee of Board of Directors.
- (5) Deputy Chairman of Audit and Compliance Committee of the Board of Directors.
- (6) Chairman of Remuneration and Human Resources Committee of the Board of Directors.
- (7) Deputy Chairman of Remuneration and Human Resources Committee of the Board of Directors.
- (8) Member of Remuneration and Human Resources Committee of the Board of Directors.
- (9) Member of Audit and Compliance Committee of Board of Directors.

None of the persons described in this "Management" section of the Information Memorandum has any actual or potential conflict of interest between his or her duties to the Bank and his or her private interests and/or other duties.

The business address of each of the persons described in this "Management" section of the Information Memorandum is Skandinaviska Enskilda Banken, Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden.

## TAXATION

### Swedish Taxation

The following is a general description of certain Swedish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amount under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the laws as in effect on the date of the Information Memorandum and is subject to any change in law that may take effect after such date.

Under Swedish tax law payment of any principal or interest to the holder of any Notes is normally not subject to Swedish income tax, provided that such holder is not tax resident in Sweden. A person is resident in Sweden if he (a) is domiciled in Sweden or (b) has his habitual abode in Sweden or (c) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example is engaged in trade or business in Sweden). A person can also be liable to tax in Sweden if engaged in trade or business through a permanent establishment in Sweden. Holders of Notes are not deemed to be resident, domiciled or carrying on business in Sweden by reason only of holding such Notes.

Swedish tax law does not provide for the deduction of or withholding from payments of any principal or interest to the holder of any Notes except on payments of interest to a holder who is an individual or an estate of a deceased individual with tax residence in Sweden. In such case deduction of 30 per cent. is made from any interest payments.

Holders of Notes who are not tax resident in Sweden are normally not taxable in Sweden for gains realised on disposal or redemption of the Notes. However, individuals who are not tax resident in Sweden may be subject to capital gains taxation in Sweden. This is the case where the Notes qualify as participation rights (*Sw.delägar rätt*) and provided that the holder, at any time during the calendar year when the sale or redemption occurs, or during the preceding ten calendar years, has been domiciled or permanently resident in Sweden. In many cases, however, the applicability of this rule is limited by tax treaties between Sweden and other countries.

In principle, securities may be regarded as participation rights for tax purposes where the structure or mode of operation of the securities are similar to shares or other securities specifically mentioned in the tax code. The qualification will be made on a case to case basis, but Notes may qualify as participation rights in case the underlying assets comprise of more than 50 per cent. shares or other participation rights.

No inheritance tax, gift tax or net wealth tax is levied in Sweden.

The EU Savings Directive (see below) has been implemented in Sweden.

### EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

### Luxembourg Taxation

*The following summary is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes may, therefore, wish to consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

## **Withholding Tax**

### **(i) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the Laws), there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the Territories), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws will be subject to a withholding tax at a rate of 35%.

### **(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the Law), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 10%.

## **German Taxation**

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Information Memorandum, which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Notes as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.*

*As this summary is of a general nature only, prospective purchasers of Notes may wish to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.*

## **Tax Residents**

The section "Tax Residents" refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

### *Withholding tax on ongoing payments and capital gains*

Ongoing payments received by an individual Noteholder will be subject to German withholding tax if the Notes are kept in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*). The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.). If the individual Noteholder is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by an individual Noteholder provided the Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. Where Notes are issued in a currency other than Euro any currency gains or losses are part of the capital gains. If interest coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge) on 30 per cent. of the disposal proceeds (plus interest accrued on the Notes (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the EC Council Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**) (e.g. Switzerland or Andorra).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual Noteholder via the Disbursing Agent (e.g. losses from the sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions, the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual Noteholder in the custodial account with the Disbursing Agent.

Individual Noteholders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly) for all investment income received in a given year. Upon the individual Noteholder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation as Noteholder while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Notes form part of a trade or business, subject to further requirements being met.

### *Taxation of current income and capital gains*

The personal income tax liability of an individual Noteholder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the individual Noteholder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), the individual Noteholder may, and in case the actual gain is higher than 30 per cent. of the disposal proceeds must, also apply for an assessment on the basis of his or her actual acquisition costs. Further, an individual Noteholder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the individual Noteholder realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Notes can only be off-set against capital gains deriving from the disposal of shares.

Where Notes form part of a trade or business the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, interest (accrued) must be taken into account as income. Where Notes qualify as zero bonds and form part of a trade or business, each year the part of the difference between the issue or purchase price and the redemption amount attributable to such year must be taken into account. The respective Noteholder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Noteholder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Noteholder. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax.

### **Non-residents**

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "Tax Residents" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Note or an interest coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Notes or interest coupons, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

### **EU Savings Directive**

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the EU Savings Tax Directive into German law. These provisions apply from 1 July 2005.



## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Bank to one or more Dealers or to any other person. The arrangements under which Notes may from time to time be agreed to be sold by the Bank to, and purchased by, Dealers are set out in a Dealership Agreement (the **Dealership Agreement** which expression shall include any amendments or supplements thereto) dated ●, 2012 and made between the Bank and the initial Dealer. Any such agreement will *inter alia* make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Bank in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of existing Dealers and the appointment of additional or other Dealers.

### *The United States of America*

Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except in accordance with Regulation S or in certain transactions exempt from the registration requirements of the Securities Act, including Rule 144A. Terms used in the preceding sentence have the meaning given to them by Regulation S under the Securities Act. 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 U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealership Agreement, it has not offered, sold or delivered and will not offer, sell or deliver Notes of any identifiable tranche, (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the date of issue of the relevant Notes and completion of the distribution of such tranche, as certified to the Fiscal Agent or the Bank by such Dealer (or in the case of a sale of an identifiable tranche of Notes to or through more than one Dealer by each of such Dealers as to Notes of such tranche purchased by or through it, in which case the Fiscal Agent or the Bank 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 it will have sent to each Dealer to which it sells Notes during the Distribution Compliance Period relating thereto 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.

Accordingly, neither the Dealers, their affiliates (if any) nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Dealers, their affiliates (if any) and any person acting on their behalf have complied with the offering restrictions of Regulation S.

In addition, until 40 days after the commencement of the offering of Notes comprising any Series, any offer or sale of Notes of such Series within the United States by a Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

In addition, certain Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the Bank and the relevant Dealers may agree, as indicated in the relevant Final Terms. Each Dealer has agreed that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

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

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

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-Exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the

competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Bank for any such offer; or
- (d) 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 Bank 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, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/ EU.

#### *The United Kingdom*

In relation to each Tranche of Notes, each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, to the Bank and each other relevant Dealer (if any) that:

- (1) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if it was not an authorised institution, apply to the Bank; and
- (2) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### *France*

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) *Offer to the public in France* – it has only made and will only make an offer of Notes to the public in France and it has only distributed or caused to be distributed and will only distribute or cause to be distributed to the public in France, the Information Memorandum, the relevant Final Terms or any other offering material relating to the Notes in the period (i) beginning (A) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers (AMF)*, on or after the date of its publication or (B) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Directive 2003/71/EC (as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010) on the prospectus to be published when securities are offered to the public or admitted to trading, on or after the date of notification of such approval to the AMF and (ii) ending at the latest on the date which is 12 months after the date of approval of such prospectus – all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

- (b) *Private placement in France* – it has not offered or sold and will not offer or sell, directly or indirectly, Notes (in the case of Notes admitted to trading on Euronext Paris, in connection with their initial distribution) to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Information Memorandum, the relevant Final Terms or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals – all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*.

#### *The Grand Duchy of Luxembourg*

In addition to the cases described in the section "Public Offer Selling Restriction under the Prospectus Directive" above in which each Dealer can make an offer of Notes to the public in a Relevant Member State (including the Grand Duchy of Luxembourg), an offer of Notes to the public in the Grand Duchy of Luxembourg can also be made at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 relating to prospectuses for securities) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the Luxembourg financial sector regulator (Commission de Surveillance du Secteur Financier) as competent authority in Luxembourg in accordance with the Prospectus Directive.

#### *Japan*

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949), as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulation and ministerial guidelines of Japan.

#### *Hong Kong*

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO), other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the Companies Ordinance) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

#### *Singapore*

The Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). The Notes will not be offered or sold or made the subject of an invitation for subscription or purchase nor will the Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person under Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (i) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever defined) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i) of the Securities and Futures Act; or
- (b) where no consideration is or will be given for the transfer; or
- (c) where the transfer is by operation of law; or
- (d) pursuant to Section 276(7) of the Securities and Futures Act.

#### *General*

With the exception of the approval by the UK Listing Authority of this Information Memorandum as a base prospectus issued in compliance with the Prospectus Directive and the relevant implementing measures in the United Kingdom, and other than with respect to the listing of the Notes on the relevant stock exchange, listing authority and/or quotation system, no action has been or will be taken in any country or jurisdiction by the Bank or the Dealers 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 the Information Memorandum or any Final Terms comes are required by the Bank and the Dealers 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 such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Selling restrictions may be supplemented or modified with the agreement of the Bank. Any such supplement or modification will be set out in the applicable Final Terms (in the case of a supplement or modification relevant only to particular Notes) or (in any other case) in a supplement to this document.

## GENERAL INFORMATION

1. It is expected that each issue of Notes which is to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market and to be admitted to the Official List will be admitted separately as and when issued, subject only to the issue of a Global Note initially representing the relevant Notes.
2. The establishment of the Programme was authorised by the Asset and Liability Committee of the Bank at a meeting held on 7 May, 2012.
3. Neither the Bank nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Bank or the Group.
4. Since 31st March, 2012, the last day of the financial period in respect of which the most recent unaudited interim financial statements of the Bank have been published, there has been no significant change in the financial or trading position of the Bank or the SEB Group, nor, since 31st December, 2011, has there been any material adverse change in the prospects of the Bank or the SEB Group.
5. The consolidated and non-consolidated financial statements of the Bank for the years ended 31st December, 2010 and 31st December, 2011 have been prepared in accordance with IFRS and have been audited by PricewaterhouseCoopers AB in accordance with generally accepted auditing standards in Sweden and unqualified opinions have been reported thereon.
6. For the financial years ended 31st December, 2010 and 31st December, 2011 the Bank's Independent Auditors appointed by its shareholders at the relevant annual general meeting were PricewaterhouseCoopers AB. PricewaterhouseCoopers AB is associated with FAR SRS, the professional institute for authorised public accountants, approved public accountants and other highly qualified professionals in the accountancy sector in Sweden.
7. For the period of 14 days after the date of this Information Memorandum and throughout the life of the Programme, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent and from the principal office of the Bank, namely:
  - (a) the Articles of Association of the Bank, together with an English translation thereof;
  - (b) a copy of this Information Memorandum;
  - (c) the Dealership Agreement;
  - (d) the Fiscal Agency Agreement;
  - (e) the Deed of Covenant;
  - (f) the audited non-consolidated financial statements (in English) of the Bank and the consolidated audited financial statements (in English) of the Group for the years ended 31st December, 2010 and 31st December, 2011, in each case together with the audit reports prepared in connection therewith, the consolidated unaudited financial statements (in English) of the Group as at and for the three month period ended 31st March, 2012, and any interim unaudited consolidated financial statements (in English) published subsequently to the date hereof; and
  - (g) any future Information Memoranda, prospectuses, offering circulars, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by the holder of such Note and such holder must produce evidence satisfactory to the Bank and the Paying Agent concerned as to its holding of Notes and identity) and any other documents or information incorporated herein or therein by reference.
8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and/or International Securities Identification Number in relation to the Notes

of each Series and any other clearing system as shall have accepted the relevant Notes for clearance will be contained in the Final Terms relating thereto.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

9. The price and amount of Notes to be issued under the Programme will be determined by the Bank and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

**REGISTERED AND PRINCIPAL OFFICE OF THE BANK**

**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
SE-106 40 Stockholm

**INDEPENDENT AUDITORS**

**PricewaterhouseCoopers AB**

Torsgatan 21  
SE-113 97 Stockholm

**DEALER**

**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
SE-106 40 Stockholm  
Sweden

**FISCAL AGENT**

**Citibank, N.A., London Branch**

13th Floor, Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB

**PAYING AGENTS**

*In respect of Notes denominated in  
Singapore dollars*

**Citibank, N.A., London Branch**

13th Floor, Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB

**Citicorp Investment Bank (Singapore) Limited**

300 Tampines Avenue 5  
#07-00 Tampines Junction  
Singapore 529653

**Citigroup Global Markets Deutschland AG**

Reuterweg 16  
60323 Frankfurt am Main  
Germany

**LEGAL ADVISERS**

*To the Bank as to Swedish law*

**Either of Jan Dahlén or Olov Johnsson**  
**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
SE-106 40 Stockholm Sweden

*To the Bank as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD



Skandinaviska Enskilda Banken

*(Incorporated in the Kingdom of Sweden with limited liability)*

### **Structured Note Programme**

This Supplement (the **Supplement**) to the Information Memorandum dated 22 June 2012, in relation to the Structured Note Programme (the **Information Memorandum**), which comprises a Base Prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the Structured Note Programme (the **Programme**) which was established by Skandinaviska Enskilda Banken AB (publ) (**SEB**).

In accordance with Sections 87Q(4)-(6) of the FSMA, investors who have agreed to purchase or subscribe for notes issued under the Programme before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances, which right shall expire by close of business on 9 August 2012.

Terms defined in the Information Memorandum have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Information Memorandum and any other supplements to the Information Memorandum issued by SEB.

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

On 16 July 2012, SEB published its interim report entitled "Interim report January – June 2012" (the **Interim Report**) containing its unaudited consolidated interim financial statements (including the auditor's limited review report thereon) in respect of the six-month period ended 30 June 2012 (the **Q2 Financial Statements**), together with the publication entitled "Fact Book January – June 2012" relating thereto (the **Q2 Fact Book**). Copies of the Interim Report and the Q2 Fact Book have been filed with the Financial Services Authority.

Accordingly, the purpose of this Supplement is to (i) incorporate by reference the Q2 Financial Statements set out on pages 8-30 (inclusive) of the Interim Report and the section entitled "Market Risk" set out on page 27 of the Q2 Fact Book; (ii) confirm that there has been no significant change in the financial or trading position since 30th June, 2012; and (iii) update the Summary of the Programme contained in the Information Memorandum to include a summary of the Q2 Financial Statements.

By virtue of this Supplement, the following documents shall be incorporated in, and to form part of, the Information Memorandum:

1. the Q2 Financial Statements set out on pages 8-30 (inclusive) of the Interim Report; and
2. the section entitled "Market Risk" set out on page 27 of the Q2 Fact Book.



Since 30th June, 2012, the last day of the financial period in respect of which the most recent unaudited interim financial statements of the Bank have been published, there has been no significant change in the financial or trading position of the Bank or the SEB Group.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive (Directive 2003/71/EC) except where such information or other documents are specifically incorporated by reference.

The non-incorporated parts of the Interim Report and the Q2 Fact Book are either not relevant for the investor or covered elsewhere in the Information Memorandum.

Further to the incorporation by reference of the above sections of the Interim Report and the Q2 Fact Book into the Information Memorandum, the Summary of the Programme beginning on page 10 of the Information Memorandum shall be deemed deleted and replaced with the following:

### "SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Information Memorandum. Any decision to invest in any Notes should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an **EEA State**) no civil liability will attach to the Bank in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Information Memorandum. Where a claim relating to information contained in this Information Memorandum is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Information Memorandum before the legal proceedings are initiated.*

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

**Issuer:**

SEB is a leading Nordic financial services group with a strong commercial and investment banking focus, providing a wide range of financial services to corporate customers, financial institutions and private individuals. Its core markets are the Nordic countries of Sweden, Denmark, Finland and Norway and the Baltic countries of Estonia, Latvia and Lithuania. Its core strengths are its wholesale banking, investment banking, wealth management and private banking and life and pension businesses. It also has significant operations in Germany. As of 30th June, 2012, SEB had total assets of SEK 2,373 billion and total equity of SEK 111 billion. For the year ended 31st December, 2011, SEB's net profit was SEK 11.1 billion. For the six months ended 30th June, 2012, SEB's net profit was SEK 3.0 billion.

The Group's business is organised into five divisions:

- Merchant Banking – providing wholesale banking and investment banking services to large companies and financial institutions in SEB's core markets;
- Retail Banking – providing retail banking services to private individuals and small and medium-sized enterprises (**SMEs**) in Sweden, and cards in the Nordic countries;
- Wealth Management – providing asset management and private banking services to institutions, foundations and private individuals in SEB's core markets, and managing SEB's mutual funds;
- Life – providing unit-linked and traditional life insurance mainly in Sweden, Denmark and the Baltic countries; and

- Baltic – providing retail, corporate and institutional banking services, such as trading and capital markets and transaction services, to Estonian, Latvian and Lithuanian clients. The financial consequences of other corporate business, such as corporate finance and structured finance, as well as wealth management and life services, provided in these countries are recorded in the Merchant Banking, Wealth and Life divisions, respectively.

At 30th June, 2012, SEB's customer base consisted of approximately 2,700 large corporate and institutional customers, approximately 400,000 SMEs and approximately four million private individuals. At that same date, SEB had approximately 298 retail branch offices in Sweden and the Baltic countries. Outside its core markets, SEB has a strategic presence, through its international network in 20 countries worldwide, to support and service mainly its large corporate and institutional customers. At 30th June, 2012, SEB had 16,747 full-time equivalent employees (FTEs) in its continuing operations, of which about half were located outside Sweden.

SEB has leading market positions in its core business areas. Its Merchant Banking division is a leading corporate and investment bank in the Nordic region, with substantial market shares in foreign exchange trading and cash management. SEB was awarded the "overall best bank for large companies and institutions in the Nordics 2011" according to a compilation of all 2011 TNS Sifo Prospera surveys, published in April 2012. It is also the largest broker on NASDAQ OMX Stockholm and on the other Nordic stock exchanges (excluding Stockholm) in the aggregate based on market share measured by volume on the Stockholm, Oslo, Helsinki and Copenhagen stock exchanges. SEB's Retail Banking division is a leading provider of corporate charge cards and co-branded cards in the Nordic countries. In Sweden, SEB is the fourth largest retail bank as measured by customer loans and one of the two largest banks as measured by long-term savings. SEB is the second largest asset manager in the Nordic region with total assets under management within the SEB Group of SEK 1.173 billion at 30th June, 2012 (based on a comparison of total SEB assets under management and assets under management reported by other banks in the Nordic region). SEB also has a strong position in the mass affluent and private banking segments of the Swedish market. For example, SEB was the second largest entity in the total Swedish household savings market (excluding directly owned shares) with a market share of approximately 12 per cent. at 31st December, 2011 according to the quarterly publication *Sparbarometern*. In the Baltic countries, taken together, SEB is the second largest bank by lending market share (according to the most recently available central bank and bank association statistics in those countries). SEB is also a leading provider of unit-linked insurance in the Nordic region, where it was ranked first in Sweden by premium income (cash paid in under insurance policies) on existing unit-linked policies and new policies written and measured during the period from January 2011 to December 2011, with a market share of approximately 20 per cent. during the period. Also, SEB held approximately 12 per cent. of total household savings in unit-linked insurance and traditional life insurance plans in Sweden as at 31st December, 2011, in each case based on data from the Swedish Insurance Federation and *Sparbarometern*.

The Bank's share capital is divided into A and C shares. Each A share entitles the holder to one vote and each C share entitles the holder to 1/10 of a vote. Each holder of A Shares and C Shares is entitled to an equal share of any dividend approved at the Bank's annual general meeting. The Bank had a market capitalisation of approximately SEK 87.938 billion as at 31st December, 2011.

The following tables summarise the Group's income statements and balance sheets and provide certain key ratios as at 31st December in each of 2011 and 2010. This financial information was extracted without material adjustment from the 2011 Financial Statements and, in the case of balance sheet data as at 31st December 2010, the Original 2010 Financial Statements.

## **Income statements**

| <b>SEKm</b>  | <b>For the year<br/>ended<br/>31st December,<br/>2011</b> | <b>For the year<br/>ended<br/>31st December,<br/>2010</b> |
|--|---|---|
| Net interest income  | 16,901  | 15,930  |
| Net fee and commission income  | 14,175  | 14,120  |
| Net financial income   | 3,548   | 3,148   |
| Net life insurance income  | 3,197   | 3,255   |
| Net other income   | (135)   | 282   |
| <b>Total operating income</b>  | <b>37,686</b>   | <b>36,735</b>   |
| Staff costs  | (13,933)  | (13,920)  |
| Other expenses   | (7,424)   | (7,213)   |
| Depreciation, amortisation and impairment of<br>tangible and intangible assets | (1,764)   | (1,854)   |
| Restructuring costs  | 0   | (764)   |
| <b>Total operating expenses</b>  | <b>(23,121)</b>   | <b>(23,751)</b>   |
| <b>Profit before credit losses</b>   | <b>14,565</b>   | <b>12,984</b>   |
| Gains less losses from tangible and intangible<br>assets                       | 2   | 14  |
| Net credit losses  | 778   | (1,609)   |
| <b>Operating profit</b>  | <b>15,345</b>   | <b>11,389</b>   |
| Income tax expense   | (3,046)   | (2,569)   |
| <b>Net profit from continuing operations</b>                                   | <b>12,299</b>   | <b>8,820</b>  |
| Discontinued operations <sup>1)</sup>  | (1,155)   | (2,022)   |
| <b>Net profit</b>  | <b>11,144</b>   | <b>6,798</b>  |
| <b>Other comprehensive income (net of tax)</b>                                 | <b>1,581</b>  | <b>(4,051)</b>  |
| <b>Total comprehensive income</b>  | <b>12,725</b>   | <b>2,747</b>  |

1) Includes both Retail Ukraine and Retail Germany, although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011.

#### Balance sheets

| <b>SEKm</b>                                       | <b>As at<br/>31st December,<br/>2011</b> | <b>As at<br/>31st December,<br/>2010</b> |
|---|--|--|
| Cash and cash balances with central banks         | 148,042                                  | 46,488                                   |
| Other loans to central banks                      | 80,548                                   | 20,664                                   |
| Loans to credit institutions <sup>1)</sup>        | 128,763                                  | 183,524                                  |
| Loans to the public                               | 1,186,223                                | 1,074,879                                |
| Financial assets at fair value <sup>2)</sup>      | 670,633                                  | 617,746                                  |
| Available-for-sale financial assets <sup>2)</sup> | 57,377                                   | 66,970                                   |
| Held-to-maturity investments <sup>2)</sup>        | 282                                      | 1,451                                    |
| Other assets                                      | 90,785                                   | 168,099                                  |
| <b>Total assets</b>                               | <b>2,362,653</b>                         | <b>2,179,821</b>                         |
| Deposits from credit institutions                 | 201,274                                  | 212,624                                  |
| Deposits and borrowing from the public            | 861,682                                  | 711,541                                  |
| Liabilities to policyholders                      | 269,683                                  | 263,970                                  |
| Debt securities                                   | 589,873                                  | 530,483                                  |
| Financial liabilities at fair value               | 232,247                                  | 200,690                                  |
| Liabilities held for sale                         | 1,962                                    | 48,339                                   |
| Other liabilities                                 | 69,883                                   | 85,331                                   |
| Provisions  | 1,779                                    | 1,748                                    |
| Subordinated liabilities                          | 25,109                                   | 25,552                                   |
| Total equity                                      | 109,161                                  | 99,543                                   |
| <b>Total liabilities and equity</b>               | <b>2,362,653</b>                         | <b>2,179,821</b>                         |

|    |   |         |         |
|----|---|---------|---------|
| 1) | Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.      |         |         |
| 2) | Within these line items, bonds and other interest bearing securities including derivatives in aggregate in each year totalled | 456,915 | 416,849 |

The table below shows certain key figures for SEB on a consolidated basis. The key figures relate to all operations, including those being sold as part of the Retail Ukraine and Retail Germany sales, except that, for the purposes of this table only, Return on equity, Basic earnings per share and Cost/income ratio are each calculated on the basis of income statement figures which exclude Retail Germany and Retail Ukraine in both years.

| <b>Key ratios</b>  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
| Return on equity <sup>1)</sup> , %   | 11.89       | 8.89        |
| Return on risk weighted assets <sup>2)</sup>                                 | 1.39        | 0.83        |
| Basic earnings per share <sup>3)</sup> , SEK                                 | 5.59        | 4.00        |
| Cost/income ratio <sup>4)</sup>  | 0.61        | 0.65        |
| Credit loss level <sup>5)</sup> , %  | -(0.08)     | 0.15        |
| Gross level of impaired loans <sup>6)</sup> , %                              | 0.84        | 1.28        |
| Net level of impaired loans <sup>7)</sup> %                                  | 0.39        | 0.63        |
| Total capital ratio (Basel II transitional rules) <sup>8), 9)</sup> , %      | 12.5        | 12.4        |
| Core Tier 1 capital ratio (Basel II transitional rules) <sup>9), 10)</sup> % | 11.2        | 10.9        |

- 
- 1) Net profit attributable to equity holders for the period as a percentage of average shareholders' equity.  
2) Net profit attributable to equity holders for the period as a percentage of average risk weighted assets.  
3) Net profit attributable to equity holders for the period divided by the average number of shares outstanding.  
4) Total operating expenses divided by total operating income.  
5) Net provisions and credit losses divided by lending to the general public and credit institutions and loan guarantees at the opening of the period. Net provisions and credit losses at 31st December, 2011 are net releases.  
6) Gross level of impaired loans as a percentage of the sum of loans to the general public and credit institutions.  
7) Net level of impaired loans (total impaired loans less specific reserves applied to them) as a percentage of the sum of loans to the general public and credit institutions less specific reserves.  
8) The total capital of the financial group of undertakings, which includes both Group companies (other than insurance companies within the Group) and non-consolidated associated companies, adjusted according to the capital adequacy rules as a percentage of risk-weighted assets.  
9) Numbers for 2011 reflect amendments to the Basel II rules implemented in 2011 which are commonly referred to as Basel II.5.  
10) The core Tier 1 capital of the financial group of undertakings as a percentage of risk-weighted assets.

On 16th July, 2012, SEB published its interim report entitled "Interim report January – June 2012" containing its unaudited consolidated interim financial results as at and for the six-month period ended 30th June, 2012. These results are summarised below:

### **Income statements**

| <b>SEKm</b>              | <b>For the six months ended 30th June, 2012</b> |
|--------------------------|---|
| Total operating income   | 9,916   |
| Total operating expenses | (5,692)   |
| Operating profit         | 3,951   |
| Net profit               | 3,016   |

### **Balance sheet**

| <b>SEKm</b>  | <b>As at 30th June, 2012</b> |
|--------------|------------------------------|
| Total assets | 2,373,148                    |

### **Key ratios**

|   |       |
|---|-------|
| Return on equity, %   | 11.01 |
| Basic earnings per share, SEK                               | 1.37  |
| Cost/income ratio, continuing operations                    | 0.57  |
| Credit loss level, %  | 0.08  |
| Net level of impaired loans, %                              | 0.34  |
| Total capital ratio, % (Basel II, with transitional floor)  | 12.31 |
| Tier 1 capital ratio, % (Basel II, with transitional floor) | 12.79 |

**Notes issued under the Programme:**

Subject to compliance with all applicable legal and/or regulatory restrictions, the Issuer may issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer, with any agreed maturity and at an issue price which is at par or at a discount to, or premium over, par.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

The Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

Notes may be distributed by way of private or public placement, subject to the restrictions set out under “*Subscription and Sale*”, and in each case on a syndicated or non-syndicated basis.

Notes may: (i) bear interest at a fixed rate (Fixed Rate Notes) or floating rate (Floating Rate Notes); (ii) not bear interest (Zero Coupon Notes); (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices, shares or GDRs/ADRs, currency exchange rates, commodities, fund shares or units, the credit of one or more underlying entities, bonds or other securities contracts such as derivatives or other assets; or reference any combination of the foregoing (each such underlying asset or basis of reference, a **Reference Item** and any Reference Item linked Notes which are specified as such in the applicable Final Terms, **Reference Item Linked Notes**); (iv) pay any interest and/or redemption amount in a currency other than the currency in which it is denominated (Dual Currency Note) (v) have such other terms and conditions as specified in the applicable Final Terms.

Notes may be issued for any maturity greater than one month or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Notes may be issued which cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or which are redeemable at the option of the Issuer and/or the holders of the Notes upon giving notice to the holders of the Notes or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

**Risk Factors:**

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme. These are described in detail under “*Risk Factors*” and include (but are not limited to): (i) the risk that SEB’s results can be adversely affected by general economic and other business conditions, (ii) the risk of increased credit provisioning adversely affecting SEB, (iii) the risk of declining property values adversely affecting the collateral it takes in relation to real estate lending, (iv) the risk of market volatility adversely affecting its business, (v) the risk that regulatory change or enforcement initiatives could adversely affect SEB’s business and (vi) a range of standard banking and life insurance risks including changes in interest and foreign exchange rates and operational, credit, market and liquidity risk, any of which, if not properly managed, could adversely affect SEB’s business and results of operations.

In addition there are certain factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Furthermore, where the applicable Final Terms specify one or more Reference Item(s), the relevant Notes will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Notes will depend upon the performance of the relevant Reference Item(s). The Notes will not, however, at any time provide an investor with a right to claim against, or for delivery of, the relevant Reference Item(s). Investors should note further that Reference Item Linked Notes may be subject to specific disruption, adjustment and termination provisions which, on the occurrence of certain events, permit the Calculation Agent and/or the Issuer discretion to, amongst other things, adjust the terms of the affected Notes

(including substituting one or more of the Reference Items for another Reference Item(s)), delay valuation of one or more Reference Items or the timing for payments of any amounts under the Notes and in certain circumstances to determine that the Notes should be early redeemed. The amount payable on such an early redemption may be significant less than the par amount of the relevant Notes and may be zero. Such provisions are discussed in more detail in the "*Risk Factors*" section below and are set out in full in the Terms and Conditions of the Reference Item Linked Notes.

Prospective investors in Reference Item Linked Notes should ensure that they understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY AMOUNTS PAYABLE UNDER THE NOTES (INCLUDING ANY PERIODIC INTEREST PAYMENTS) ARE DETERMINED AND WHEN ANY SUCH AMOUNTS MAY BE PAYABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

**Dealers:** Skandinaviska Enskilda Banken AB (publ) and any other dealers appointed from time to time by the Bank.

**Fiscal Agent:** Citibank, N.A., London Branch.

**Programme Amount:** The Programme has an unlimited Programme Amount.

Copies of all documents incorporated by reference into the Information Memorandum can be obtained from SEB and the Paying Agent in London as described on page 46 of the Information Memorandum.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Information Memorandum by this Supplement and (b) any other statement in or incorporated into the Information Memorandum, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Information Memorandum previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Information Memorandum since the publication of the Information Memorandum.



Skandinaviska Enskilda Banken

*(Incorporated in the Kingdom of Sweden with limited liability)*

### **Structured Note Programme**

This Supplement (the **Supplement**) to the Information Memorandum dated 22nd June 2012, as supplemented on 7th August 2012, in relation to the Structured Note Programme (the **Information Memorandum**), which comprises a Base Prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the Structured Note Programme (the **Programme**) which was established by Skandinaviska Enskilda Banken AB (publ) (**SEB**).

In accordance with Sections 87Q(4)-(6) of the FSMA, investors who have agreed to purchase or subscribe for notes issued under the Programme before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances, which right shall expire by close of business on 14 November 2012.

Terms defined in the Information Memorandum have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Information Memorandum and any other supplements to the Information Memorandum issued by SEB.

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

On 25th October 2012, SEB published its interim report entitled "Interim report January – September 2012" (the **Interim Report**) containing its unaudited consolidated interim financial statements (including the auditor's limited review report thereon) in respect of the nine-month period ended 30th September 2012 (the **Q3 Financial Statements**), together with the publication entitled "Fact Book January – September 2012" relating thereto (the **Q3 Fact Book**). Copies of the Interim Report and the Q3 Fact Book have been filed with the Financial Services Authority.

Accordingly, the purpose of this Supplement is to (i) incorporate by reference the Q3 Financial Statements set out on pages 8-30 (inclusive) of the Interim Report and the section entitled "Market Risk" set out on page 27 of the Q3 Fact Book; (ii) confirm that there has been no significant change in the financial or trading position since 30th September, 2012; and (iii) update the Summary of the Programme contained in the Information Memorandum to include a summary of the Q3 Financial Statements.

By virtue of this Supplement, the following documents shall be incorporated in, and to form part of, the Information Memorandum:

1. the Q3 Financial Statements set out on pages 8-30 (inclusive) of the Interim Report; and
2. the section entitled "Market Risk" set out on page 27 of the Q3 Fact Book.

Since 30th September, 2012, the last day of the financial period in respect of which the most recent unaudited interim financial statements of the Bank have been published, there has been no significant change in the financial or trading position of the Bank or the SEB Group.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive (Directive 2003/71/EC) except where such information or other documents are specifically incorporated by reference.

The non-incorporated parts of the Interim Report and the Q3 Fact Book are either not relevant for the investor or covered elsewhere in the Information Memorandum.

Further to the incorporation by reference of the above sections of the Interim Report and the Q3 Fact Book into the Information Memorandum, the Summary of the Programme beginning on page 10 of the Information Memorandum shall be deemed deleted and replaced with the following:

### **"SUMMARY OF THE PROGRAMME**

*This summary must be read as an introduction to this Information Memorandum. Any decision to invest in any Notes should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an **EEA State**) no civil liability will attach to the Bank in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Information Memorandum. Where a claim relating to information contained in this Information Memorandum is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Information Memorandum before the legal proceedings are initiated.*

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this summary.

**Issuer:** SEB is a leading Nordic financial services group with a strong commercial and investment banking focus, providing a wide range of financial services to corporate customers, financial institutions and private individuals. Its core markets are the Nordic countries of Sweden, Denmark, Finland and Norway and the Baltic countries of Estonia, Latvia and Lithuania. Its core strengths are its wholesale banking, investment banking, wealth management and private banking and life and pension businesses. It also has significant operations in Germany. As of 30th September, 2012, SEB had total assets of SEK 2,402 billion and total equity of SEK 113.6 billion. For the year ended 31st December, 2011, SEB's net profit was SEK 11.1 billion. For the nine months ended 30th September, 2012, SEB's net profit was SEK 2.9 billion.

The Group's business is organised into five divisions:

- Merchant Banking – providing wholesale banking and investment banking services to large companies and financial institutions in SEB's core markets;
- Retail Banking – providing retail banking services to private individuals and small and medium-sized enterprises (**SMEs**) in Sweden, and cards in the Nordic countries;
- Wealth Management – providing asset management and private banking services to institutions, foundations and private individuals in SEB's core markets, and managing SEB's mutual funds;
- Life – providing unit-linked and traditional life insurance mainly in Sweden, Denmark and the Baltic countries; and



- Baltic – providing retail, corporate and institutional banking services, such as trading and capital markets and transaction services, to Estonian, Latvian and Lithuanian clients. The financial consequences of other corporate business, such as corporate finance and structured finance, as well as wealth management and life services, provided in these countries are recorded in the Merchant Banking, Wealth and Life divisions, respectively.

At 30th September, 2012, SEB's customer base consisted of approximately 2,700 large corporate and institutional customers, approximately 400,000 SMEs and approximately four million private individuals. At that same date, SEB had approximately 298 retail branch offices in Sweden and the Baltic countries. Outside its core markets, SEB has a strategic presence, through its international network in 20 countries worldwide, to support and service mainly its large corporate and institutional customers. At 30th September, 2012, SEB had approximately 17,000 full-time equivalent employees (FTEs) in its continuing operations, of which about half were located outside Sweden.

SEB has leading market positions in its core business areas. Its Merchant Banking division is a leading corporate and investment bank in the Nordic region, with substantial market shares in foreign exchange trading and cash management. SEB was awarded the "overall best bank for large companies and institutions in the Nordics 2011" according to a compilation of all 2011 TNS Sifo Prospera surveys, published in April 2012. It is also the largest broker on NASDAQ OMX Stockholm and on the other Nordic stock exchanges (excluding Stockholm) in the aggregate based on market share measured by volume on the Stockholm, Oslo, Helsinki and Copenhagen stock exchanges. SEB's Retail Banking division is a leading provider of corporate charge cards and co-branded cards in the Nordic countries. In Sweden, SEB is the fourth largest retail bank as measured by customer loans and one of the two largest banks as measured by long-term savings. SEB is the second largest asset manager in the Nordic region with total assets under management within the SEB Group of SEK 1.851 billion at 30th September, 2012 (based on a comparison of total SEB assets under management and assets under management reported by other banks in the Nordic region). SEB also has a strong position in the mass affluent and private banking segments of the Swedish market. For example, SEB was the second largest entity in the total Swedish household savings market (excluding directly owned shares) with a market share of approximately 12 per cent. at 31st December, 2011 according to the quarterly publication *Sparbarometern*. In the Baltic countries, taken together, SEB is the second largest bank by lending market share (according to the most recently available central bank and bank association statistics in those countries). SEB is also a leading provider of unit-linked insurance in the Nordic region, where it was ranked first in Sweden by premium income (cash paid in under insurance policies) on existing unit-linked policies and new policies written and measured during the period from January 2011 to December 2011, with a market share of approximately 20 per cent. during the period. Also, SEB held approximately 12 per cent. of total household savings in unit-linked insurance and traditional life insurance plans in Sweden as at 31st December, 2011, in each case based on data from the Swedish Insurance Federation and *Sparbarometern*.

The Bank's share capital is divided into A and C shares. Each A share entitles the holder to one vote and each C share entitles the holder to 1/10 of a vote. Each holder of A Shares and C Shares is entitled to an equal share of any dividend approved at the Bank's annual general meeting. The Bank had a market capitalisation of approximately SEK 87.938 billion as at 31st December, 2011.

The following tables summarise the Group's income statements and balance sheets and provide certain key ratios as at 31st December in each of 2011 and 2010. This financial information was extracted without material adjustment from the 2011 Financial Statements and, in the case of balance sheet data as at 31st December 2010, the Original 2010 Financial Statements.

### **Income statements**

| <b>SEKm</b>  | <b>For the year<br/>ended<br/>31st December,<br/>2011</b> | <b>For the year<br/>ended<br/>31st December,<br/>2010</b> |
|--|---|---|
| Net interest income  | 16,901  | 15,930  |
| Net fee and commission income  | 14,175  | 14,120  |
| Net financial income   | 3,548   | 3,148   |
| Net life insurance income  | 3,197   | 3,255   |
| Net other income   | (135)   | 282   |
| <b>Total operating income</b>  | <b>37,686</b>   | <b>36,735</b>   |
| Staff costs  | (13,933)  | (13,920)  |
| Other expenses   | (7,424)   | (7,213)   |
| Depreciation, amortisation and impairment of<br>tangible and intangible assets | (1,764)   | (1,854)   |
| Restructuring costs  | 0   | (764)   |
| <b>Total operating expenses</b>  | <b>(23,121)</b>   | <b>(23,751)</b>   |
| <b>Profit before credit losses</b>   | <b>14,565</b>   | <b>12,984</b>   |
| Gains less losses from tangible and intangible<br>assets                       | 2   | 14  |
| Net credit losses  | 778   | (1,609)   |
| <b>Operating profit</b>  | <b>15,345</b>   | <b>11,389</b>   |
| Income tax expense   | (3,046)   | (2,569)   |
| <b>Net profit from continuing operations</b>                                   | <b>12,299</b>   | <b>8,820</b>  |
| Discontinued operations <sup>1)</sup>  | (1,155)   | (2,022)   |
| <b>Net profit</b>  | <b>11,144</b>   | <b>6,798</b>  |
| <b>Other comprehensive income (net of tax)</b>                                 | <b>1,581</b>  | <b>(4,051)</b>  |
| <b>Total comprehensive income</b>  | <b>12,725</b>   | <b>2,747</b>  |

1) Includes both Retail Ukraine and Retail Germany, although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011.

#### Balance sheets

| <b>SEKm</b>                                       | <b>As at<br/>31st December,<br/>2011</b> | <b>As at<br/>31st December,<br/>2010</b> |
|---|--|--|
| Cash and cash balances with central banks         | 148,042                                  | 46,488                                   |
| Other loans to central banks                      | 80,548                                   | 20,664                                   |
| Loans to credit institutions <sup>1)</sup>        | 128,763                                  | 183,524                                  |
| Loans to the public                               | 1,186,223                                | 1,074,879                                |
| Financial assets at fair value <sup>2)</sup>      | 670,633                                  | 617,746                                  |
| Available-for-sale financial assets <sup>2)</sup> | 57,377                                   | 66,970                                   |
| Held-to-maturity investments <sup>2)</sup>        | 282                                      | 1,451                                    |
| Other assets                                      | 90,785                                   | 168,099                                  |
| <b>Total assets</b>                               | <b>2,362,653</b>                         | <b>2,179,821</b>                         |
| Deposits from credit institutions                 | 201,274                                  | 212,624                                  |
| Deposits and borrowing from the public            | 861,682                                  | 711,541                                  |
| Liabilities to policyholders                      | 269,683                                  | 263,970                                  |
| Debt securities                                   | 589,873                                  | 530,483                                  |
| Financial liabilities at fair value               | 232,247                                  | 200,690                                  |
| Liabilities held for sale                         | 1,962                                    | 48,339                                   |
| Other liabilities                                 | 69,883                                   | 85,331                                   |
| Provisions  | 1,779                                    | 1,748                                    |
| Subordinated liabilities                          | 25,109                                   | 25,552                                   |
| Total equity                                      | 109,161                                  | 99,543                                   |
| <b>Total liabilities and equity</b>               | <b>2,362,653</b>                         | <b>2,179,821</b>                         |

|    |   |         |         |
|----|---|---------|---------|
| 1) | Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.      |         |         |
| 2) | Within these line items, bonds and other interest bearing securities including derivatives in aggregate in each year totalled | 456,915 | 416,849 |

The table below shows certain key figures for SEB on a consolidated basis. The key figures relate to all operations, including those being sold as part of the Retail Ukraine and Retail Germany sales, except that, for the purposes of this table only, Return on equity, Basic earnings per share and Cost/income ratio are each calculated on the basis of income statement figures which exclude Retail Germany and Retail Ukraine in both years.

| <b>Key ratios</b>  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
| Return on equity <sup>1)</sup> , %   | 11.89       | 8.89        |
| Return on risk weighted assets <sup>2)</sup>                                 | 1.39        | 0.83        |
| Basic earnings per share <sup>3)</sup> , SEK                                 | 5.59        | 4.00        |
| Cost/income ratio <sup>4)</sup>  | 0.61        | 0.65        |
| Credit loss level <sup>5)</sup> , %  | -(0.08)     | 0.15        |
| Gross level of impaired loans <sup>6)</sup> , %                              | 0.84        | 1.28        |
| Net level of impaired loans <sup>7)</sup> %                                  | 0.39        | 0.63        |
| Total capital ratio (Basel II transitional rules) <sup>8), 9)</sup> , %      | 12.5        | 12.4        |
| Core Tier 1 capital ratio (Basel II transitional rules) <sup>9), 10)</sup> % | 11.2        | 10.9        |

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- 1) Net profit attributable to equity holders for the period as a percentage of average shareholders' equity.
  - 2) Net profit attributable to equity holders for the period as a percentage of average risk weighted assets.
  - 3) Net profit attributable to equity holders for the period divided by the average number of shares outstanding.
  - 4) Total operating expenses divided by total operating income.
  - 5) Net provisions and credit losses divided by lending to the general public and credit institutions and loan guarantees at the opening of the period. Net provisions and credit losses at 31st December, 2011 are net releases.
  - 6) Gross level of impaired loans as a percentage of the sum of loans to the general public and credit institutions.
  - 7) Net level of impaired loans (total impaired loans less specific reserves applied to them) as a percentage of the sum of loans to the general public and credit institutions less specific reserves.
  - 8) The total capital of the financial group of undertakings, which includes both Group companies (other than insurance companies within the Group) and non-consolidated associated companies, adjusted according to the capital adequacy rules as a percentage of risk-weighted assets.
  - 9) Numbers for 2011 reflect amendments to the Basel II rules implemented in 2011 which are commonly referred to as Basel II.5.
  - 10) The core Tier 1 capital of the financial group of undertakings as a percentage of risk-weighted assets.

On 25th October, 2012, SEB published its interim report entitled "Interim report January – September 2012" containing its unaudited consolidated interim financial results as at and for the nine-month period ended 30th September, 2012. These results are summarised below:

### **Income statements**

| <b>SEKm</b>              | <b>For the nine months ended<br/>30th September, 2012</b> |
|--------------------------|---|
| Total operating income   | 9,681   |
| Total operating expenses | (5,580)   |
| Operating profit         | (3,961)   |
| Net profit               | (2,877)   |

### **Balance sheet**

| <b>SEKm</b>  | <b>As at 30th September, 2012</b> |
|--------------|-----------------------------------|
| Total assets | 2,401,630                         |

### **Key ratios**

|   |       |
|---|-------|
| Return on equity, %   | 10.26 |
| Basic earnings per share, SEK                               | 1.31  |
| Cost/income ratio, continuing operations                    | 0.58  |
| Credit loss level, %  | 0.11  |
| Net level of impaired loans, %                              | 0.30  |
| Total capital ratio, % (Basel II, with transitional floor)  | 12.74 |
| Tier 1 capital ratio, % (Basel II, with transitional floor) | 12.94 |

**Notes issued under the Programme:**

Subject to compliance with all applicable legal and/or regulatory restrictions, the Issuer may issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer, with any agreed maturity and at an issue price which is at par or at a discount to, or premium over, par.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

The Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

Notes may be distributed by way of private or public placement, subject to the restrictions set out under “*Subscription and Sale*”, and in each case on a syndicated or non-syndicated basis.

Notes may: (i) bear interest at a fixed rate (Fixed Rate Notes) or floating rate (Floating Rate Notes); (ii) not bear interest (Zero Coupon Notes); (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices, shares or GDRs/ADRs, currency exchange rates, commodities, fund shares or units, the credit of one or more underlying entities, bonds or other securities contracts such as derivatives or other assets; or reference any combination of the foregoing (each such underlying asset or basis of reference, a **Reference Item** and any Reference Item linked Notes which are specified as such in the applicable Final Terms, **Reference Item Linked Notes**); (iv) pay any interest and/or redemption amount in a currency other than the currency in which it is denominated (Dual Currency Note) (v) have such other terms and conditions as specified in the applicable Final Terms.

Notes may be issued for any maturity greater than one month or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Notes may be issued which cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or which are redeemable at the option of the Issuer and/or the holders of the Notes upon giving notice to the holders of the Notes or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

**Risk Factors:**

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme. These are described in detail under “*Risk Factors*” and include (but are not limited to): (i) the risk that SEB’s results can be adversely affected by general economic and other business conditions, (ii) the risk of increased credit provisioning adversely affecting SEB, (iii) the risk of declining property values adversely affecting the collateral it takes in relation to real estate lending, (iv) the risk of market volatility adversely affecting its business, (v) the risk that regulatory change or enforcement initiatives could adversely affect SEB’s business and (vi) a range of standard banking and life insurance risks including changes in interest and foreign exchange rates and operational, credit, market and liquidity risk, any of which, if not properly managed, could adversely affect SEB’s business and results of operations.

In addition there are certain factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Furthermore, where the applicable Final Terms specify one or more Reference Item(s), the relevant Notes will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Notes will depend upon the performance of the relevant Reference Item(s). The Notes will not, however, at any time provide an investor with a right to claim against, or for delivery of, the relevant Reference Item(s). Investors should note further that Reference Item Linked Notes may be subject to specific disruption, adjustment and termination provisions which, on the occurrence of certain events, permit the Calculation Agent and/or the Issuer discretion to, amongst other things, adjust the terms of the affected Notes

(including substituting one or more of the Reference Items for another Reference Item(s)), delay valuation of one or more Reference Items or the timing for payments of any amounts under the Notes and in certain circumstances to determine that the Notes should be early redeemed. The amount payable on such an early redemption may be significant less than the par amount of the relevant Notes and may be zero. Such provisions are discussed in more detail in the "*Risk Factors*" section below and are set out in full in the Terms and Conditions of the Reference Item Linked Notes.

Prospective investors in Reference Item Linked Notes should ensure that they understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY AMOUNTS PAYABLE UNDER THE NOTES (INCLUDING ANY PERIODIC INTEREST PAYMENTS) ARE DETERMINED AND WHEN ANY SUCH AMOUNTS MAY BE PAYABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

**Dealers:** Skandinaviska Enskilda Banken AB (publ) and any other dealers appointed from time to time by the Bank.

**Fiscal Agent:** Citibank, N.A., London Branch.

**Programme Amount:** The Programme has an unlimited Programme Amount.

Copies of all documents incorporated by reference into the Information Memorandum can be obtained from SEB and the Paying Agent in London as described on page 46 of the Information Memorandum.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Information Memorandum by this Supplement and (b) any other statement in or incorporated into the Information Memorandum, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Information Memorandum previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Information Memorandum since the publication of the Information Memorandum.



Skandinaviska Enskilda Banken

*(Incorporated in the Kingdom of Sweden with limited liability)*

### **Structured Note Programme**

This Supplement (the **Supplement**) to the Information Memorandum dated 22nd June 2012, as supplemented on 7th August 2012 and 12th November 2012, in relation to the Structured Note Programme (the **Information Memorandum**), which comprises a Base Prospectus, constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the Structured Note Programme (the **Programme**) which was established by Skandinaviska Enskilda Banken AB (publ) (**SEB**).

In accordance with Sections 87Q(4)-(6) of the FSMA, investors who have agreed to purchase or subscribe for notes issued under the Programme before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances, which right shall expire by close of business on 14 February 2013. Investors can exercise their right to withdraw their acceptances by contacting the person from whom any such investor has agreed to purchase or subscribe for such notes before the above deadline.

Terms defined in the Information Memorandum have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Information Memorandum and any other supplements to the Information Memorandum issued by SEB.

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

On 31st January 2013, SEB published its interim report entitled "Annual Accounts 2012" (the **Interim Report**) containing its unaudited consolidated interim financial statements in respect of the year ended 31st December 2012 (the **2012 Financial Statements**), together with the publication entitled "Fact Book Annual Accounts 2012" relating thereto (the **2012 Fact Book**). Copies of the Interim Report and the 2012 Fact Book have been filed with the Financial Services Authority and are available at: <http://www.sebgroup.com/en/Investor-Relations/>.

Accordingly, the purpose of this Supplement is to (i) incorporate by reference the section entitled "Change in accounting principles and one-time character items" set out on page 2 of the Interim Report other than the table on that same page headed "PRO FORMA - Income statement excluding the items of a one-time character", the 2012 Financial Statements set out on pages 9 to 32 (inclusive) of the Interim Report, the section entitled "Restatement of Financial Statements – SEB Group" set out on page 33 of the Interim Report and the section entitled "Market Risk" set out on page 29 of the 2012 Fact Book; (ii) confirm that there has been no significant change in the financial or trading position since 31st December, 2012; and (iii) update the Summary of the Programme contained in the Information Memorandum to include a summary of the 2012 Financial Statements.

By virtue of this Supplement, the following documents shall be incorporated in, and to form part of, the Information Memorandum:

1. the 2012 Financial Statements set out on pages 9 to 32 (inclusive) of the Interim Report;
2. the section entitled "Change in accounting principles and one-time character items" set out on page 2 of the Interim Report other than the table on that same page headed "PRO FORMA - Income statement excluding the items of a one-time character";
3. the section entitled "Restatement of Financial Statements – SEB Group" set out on page 33 of the Interim Report; and
4. the section entitled "Market Risk" set out on page 29 of the 2012 Fact Book.

Since 31st December 2012, the last day of the financial period in respect of which the most recent unaudited interim financial statements of the Bank have been published, there has been no significant change in the financial or trading position of the Bank or the SEB Group.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive (Directive 2003/71/EC) except where such information or other documents are specifically incorporated by reference.

The non-incorporated parts of the Interim Report and the 2012 Fact Book are either not relevant for the investor or covered elsewhere in the Information Memorandum.

Further to the incorporation by reference of the above sections of the Interim Report and the 2012 Fact Book into the Information Memorandum, the Summary of the Programme beginning on page 10 of the Information Memorandum shall be deemed deleted and replaced with the following:

#### **"SUMMARY OF THE PROGRAMME**

*This summary must be read as an introduction to this Information Memorandum. Any decision to invest in any Notes should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an **EEA State**) no civil liability will attach to the Bank in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Information Memorandum. Where a claim relating to information contained in this Information Memorandum is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Information Memorandum before the legal proceedings are initiated.*

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

**Issuer:**

SEB is a leading Nordic financial services group with a strong commercial and investment banking focus, providing a wide range of financial services to corporate customers, financial institutions and private individuals. Its core markets are the Nordic countries of Sweden, Denmark, Finland and Norway and the Baltic countries of Estonia, Latvia and Lithuania. Its core strengths are its wholesale banking, investment banking, wealth management and private banking and life and pension businesses. It also has significant operations in Germany. As of 31st December, 2012, SEB had total assets of SEK 2,453 billion and total equity of SEK 109.5 billion. For the year ended 31st December, 2012, SEB's net profit was SEK 11.7 billion.

The Group's business is organised into five divisions:

- Merchant Banking – providing wholesale banking and investment banking

services to large companies and financial institutions in SEB's core markets;

- Retail Banking – providing retail banking services to private individuals and small and medium-sized enterprises (SMEs) in Sweden, and cards in the Nordic countries;
- Wealth Management – providing asset management and private banking services to institutions, foundations and private individuals in SEB's core markets, and managing SEB's mutual funds;
- Life – providing unit-linked and traditional life insurance mainly in Sweden, Denmark and the Baltic countries; and
- Baltic – providing retail, corporate and institutional banking services, such as trading and capital markets and transaction services, to Estonian, Latvian and Lithuanian clients. The financial consequences of other corporate business, such as corporate finance and structured finance, as well as wealth management and life services, provided in these countries are recorded in the Merchant Banking, Wealth and Life divisions, respectively.

At 31st December, 2012, SEB's customer base consisted of approximately 2,800 large corporate and institutional customers, approximately 400,000 SMEs and approximately four million private individuals. At that same date, SEB had approximately 298 retail branch offices in Sweden and the Baltic countries. Outside its core markets, SEB has a strategic presence, through its international network in 20 countries worldwide, to support and service mainly its large corporate and institutional customers. At 31st December, 2012, SEB had approximately 16,500 full-time equivalent employees (FTEs) in its continuing operations, of which about half were located outside Sweden.

SEB has leading market positions in its core business areas. Its Merchant Banking division is a leading corporate and investment bank in the Nordic region, with substantial market shares in foreign exchange trading and cash management. SEB was awarded the "overall best bank for large companies and institutions in the Nordics 2011" according to a compilation of all 2011 TNS Sifo Prospera surveys, published in April 2012. It is also the largest broker on NASDAQ OMX Stockholm and on the other Nordic stock exchanges (excluding Stockholm) in the aggregate based on market share measured by volume on the Stockholm, Oslo, Helsinki and Copenhagen stock exchanges. SEB's Retail Banking division is a leading provider of corporate charge cards and co-branded cards in the Nordic countries. In Sweden, SEB is the fourth largest retail bank as measured by customer loans and one of the two largest banks as measured by long-term savings. SEB is the second largest asset manager in the Nordic region with total assets under management within the SEB Group of SEK 1.328 billion at 31st December, 2012 (based on a comparison of total SEB assets under management and assets under management reported by other banks in the Nordic region). SEB also has a strong position in the mass affluent and private banking segments of the Swedish market. For example, SEB was the second largest entity in the total Swedish household savings market (excluding directly owned shares) with a market share of approximately 12 per cent. at 31st December, 2011 according to the quarterly publication *Sparbarometern*. In the Baltic countries, taken together, SEB is the second largest bank by lending market share (according to the most recently available central bank and bank association statistics in those countries). SEB is also a leading provider of unit-linked insurance in the Nordic region, where it was ranked first in Sweden by premium income (cash paid in under insurance policies) on existing unit-linked policies and new policies written and measured during the period from September 2011 to September 2012, with a market share of approximately 20 per cent. during the period. Also, SEB held approximately 12 per cent. of total household savings in unit-linked insurance and traditional life insurance plans in Sweden as at 31st December, 2011, in each case based on data from the Swedish Insurance Federation and *Sparbarometern*.



The Bank's share capital is divided into A and C shares. Each A share entitles the holder to one vote and each C share entitles the holder to 1/10 of a vote. Each holder of A Shares and C Shares is entitled to an equal share of any dividend approved at the Bank's annual general meeting. The Bank had a market capitalisation of approximately SEK 138,342.53 million as at 31st December, 2012.

The following tables summarise the Group's income statements and balance sheets and provide certain key ratios as at 31st December in each of 2012 and 2011. This financial information was extracted without material adjustment from the 2012 Financial Statements and, in the case of balance sheet data as at 31st December 2011, the Original 2011 Financial Statements.

#### Income statements

| <b>SEKm</b>   | <b>For the year<br/>ended<br/>31st December,<br/>2012</b> | <b>For the year<br/>ended<br/>31st December,<br/>2011</b> |
|---|---|---|
| Net interest income   | 17,635  | 16,901  |
| Net fee and commission income   | 13,620  | 14,175  |
| Net financial income  | 4,579   | 3,548   |
| Net life insurance income   | 3,428   | 3,197   |
| Net other income  | (439)   | (135)   |
| <b>Total operating income</b>   | <b>38,823</b>   | <b>37,686</b>   |
| Staff costs   | (14,596)  | (14,325)  |
| Other expenses  | (6,444)   | (7,424)   |
| Depreciation, amortisation and impairment of tangible and intangible assets | (2,612)   | (1,764)   |
| Restructuring costs   | 0   | 0   |
| <b>Total operating expenses</b>   | <b>(23,652)</b>   | <b>(23,513)</b>   |
| <b>Profit before credit losses</b>  | <b>15,171</b>   | <b>14,173</b>   |
| Gains less losses from tangible and intangible assets                       | 1   | 2   |
| Net credit losses   | (937)   | 778   |
| <b>Operating profit</b>   | <b>14,235</b>   | <b>14,953</b>   |
| Income tax expense  | (2,093)   | (2,942)   |
| <b>Net profit from continuing operations</b>                                | <b>12,142</b>   | <b>12,011</b>   |
| Discontinued operations <sup>1)</sup>                                       | (488)   | (1,155)   |
| <b>Net profit</b>   | <b>11,654</b>   | <b>10,856</b>   |
| <b>Other comprehensive income (net of tax)</b>                              | <b>(816)</b>  | <b>1,499</b>  |
| <b>Total comprehensive income</b>   | <b>10,838</b>   | <b>12,355</b>   |

1) Includes both Retail Ukraine and, in the case of the year ended 31 December 2011, Retail Germany, although consolidation of Retail Germany ended when the sale was completed on 31st January, 2011.

#### Balance sheets

| <b>SEKm</b>                                       | <b>As at<br/>31st December,<br/>2012</b> | <b>As at<br/>31st December,<br/>2011</b> |
|---|--|--|
| Cash and cash balances with central banks         | 191,445                                  | 148,042                                  |
| Other loans to central banks                      | 17,718                                   | 80,548                                   |
| Loans to credit institutions <sup>1)</sup>        | 126,023                                  | 128,763                                  |
| Loans to the public                               | 1,236,088                                | 1,186,223                                |
| Financial assets at fair value <sup>2)</sup>      | 725,938                                  | 669,678                                  |
| Available-for-sale financial assets <sup>2)</sup> | 50,599                                   | 57,377                                   |
| Held-to-maturity investments <sup>2)</sup>        | 82                                       | 282                                      |
| Other assets                                      | 105,563                                  | 88,468                                   |
| <b>Total assets</b>                               | <b>2,453,456</b>                         | <b>2,359,381</b>                         |

## Balance sheets

| SEKm                                   | As at<br>31st December,<br>2012 | As at<br>31st December,<br>2011 |
|--|---------------------------------|---------------------------------|
| Deposits from credit institutions      | 170,656                         | 201,274                         |
| Deposits and borrowing from the public | 862,260                         | 861,682                         |
| Liabilities to policyholders           | 285,973                         | 269,683                         |
| Debt securities                        | 661,851                         | 589,873                         |
| Financial liabilities at fair value    | 237,001                         | 232,247                         |
| Liabilities held for sale              | 0                               | 1,962                           |
| Other liabilities                      | 96,349                          | 69,967                          |
| Provisions                             | 5,572                           | 5,845                           |
| Subordinated liabilities               | 24,281                          | 25,109                          |
| Total equity                           | 109,513                         | 102,739                         |
| <b>Total liabilities and equity</b>    | <b>2,453,456</b>                | <b>2,359,381</b>                |

1) Loans to credit institutions and liquidity placements with other direct participants in interbank fund transfer systems.

2) Within these line items, bonds and other interest bearing securities including derivatives in aggregate in each year totalled

460,423

456,915

The table below shows certain key figures for SEB on a consolidated basis. The key figures relate to all operations, including those being sold as part of the Retail Ukraine and, in the case of 2011, Retail Germany sales, except that, for the purposes of this table only, Return on equity, Basic earnings per share and Cost/income ratio are each calculated on the basis of income statement figures which exclude Retail Ukraine in both years and Retail Germany in 2011.

| Key ratios   | 2012  | 2011   |
|--|-------|--------|
| Return on equity <sup>1)</sup> , %   | 11.52 | 12.31  |
| Return on risk weighted assets <sup>2)</sup>                                   | 1.36  | 1.35   |
| Basic earnings per share <sup>3)</sup> , SEK                                   | 5.53  | 5.46   |
| Cost/income ratio <sup>4)</sup>  | 0.61  | 0.62   |
| Credit loss level <sup>5)</sup> , %  | 0.08  | (0.08) |
| Gross level of impaired loans <sup>6)</sup> , %                                | 0.58  | 0.84   |
| Net level of impaired loans <sup>7)</sup> , %                                  | 0.28  | 0.39   |
| Total capital ratio (Basel II transitional rules) <sup>8), 9)</sup> , %        | 11.47 | 12.50  |
| Core Tier 1 capital ratio (Basel II transitional rules) <sup>9), 10)</sup> , % | 10.05 | 11.25  |

1) Net profit attributable to equity holders for the period as a percentage of average shareholders' equity.

2) Net profit attributable to equity holders for the period as a percentage of average risk weighted assets.

3) Net profit attributable to equity holders for the period divided by the average number of shares outstanding.

4) Total operating expenses divided by total operating income.

5) Net provisions and credit losses divided by lending to the general public and credit institutions and loan guarantees at the opening of the period. Net provisions and credit losses at 31st December, 2012 are net releases.

6) Gross level of impaired loans as a percentage of the sum of loans to the general public and credit institutions.

7) Net level of impaired loans (total impaired loans less specific reserves applied to them) as a percentage of the sum of loans to the general public and credit institutions less specific reserves.

8) The total capital of the financial group of undertakings, which includes both Group companies (other than insurance companies within the Group) and non-consolidated associated companies, adjusted according to the capital adequacy rules as a percentage of risk-weighted assets.

9) Numbers for 2011 and 2012 reflect amendments to the Basel II rules implemented in 2011 which are commonly referred to as Basel II.5.

10) The core Tier 1 capital of the financial group of undertakings as a percentage of risk-weighted assets.

On 31st January, 2013, SEB published its interim report entitled "Annual Accounts 2012" containing its unaudited consolidated interim financial results as at and for the twelve-month period ended 31st December, 2012. These results are summarised below:

## Income statements

SEKm

For the twelve months ended

|                          | <u>31st December, 2012</u> |
|--------------------------|----------------------------|
| Total operating income   | 38,823                     |
| Total operating expenses | (23,513)                   |
| Operating profit         | 14,235                     |
| Net profit               | 11,654                     |

### Balance sheet

| SEKm         | <u>As at 31st December, 2012</u> |
|--------------|----------------------------------|
| Total assets | 2 453 456                        |

### Key ratios

|   |       |
|---|-------|
| Return on equity, %   | 11.52 |
| Basic earnings per share, SEK                               | 5.53  |
| Cost/income ratio, continuing operations                    | 0.61  |
| Credit loss level, %  | 0.08  |
| Net level of impaired loans, %                              | 0.28  |
| Total capital ratio, % (Basel II, with transitional floor)  | 11.47 |
| Tier 1 capital ratio, % (Basel II, with transitional floor) | 11.65 |

### Notes issued under the Programme:

Subject to compliance with all applicable legal and/or regulatory restrictions, the Issuer may issue Notes denominated in any currency agreed between the Issuer and the relevant Dealer, with any agreed maturity and at an issue price which is at par or at a discount to, or premium over, par.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

The Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

Notes may be distributed by way of private or public placement, subject to the restrictions set out under “*Subscription and Sale*”, and in each case on a syndicated or non-syndicated basis.

Notes may: (i) bear interest at a fixed rate (Fixed Rate Notes) or floating rate (Floating Rate Notes); (ii) not bear interest (Zero Coupon Notes); (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices, shares or GDRs/ADRs, currency exchange rates, commodities, fund shares or units, the credit of one or more underlying entities, bonds or other securities contracts such as derivatives or other assets; or reference any combination of the foregoing (each such underlying asset or basis of reference, a **Reference Item** and any Reference Item linked Notes which are specified as such in the applicable Final Terms, **Reference Item Linked Notes**); (iv) pay any interest and/or redemption amount in a currency other than the currency in which it is denominated (Dual Currency Note) (v) have such other terms and conditions as specified in the applicable Final Terms.

Notes may be issued for any maturity greater than one month or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Notes may be issued which cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or which are redeemable at the option of the Issuer and/or the holders of the Notes upon giving notice to the holders of the Notes or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

### Risk Factors:

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme. These are described in detail under “*Risk Factors*” and include (but are not limited to): (i) the risk that SEB’s results can be adversely affected by general economic and other business conditions, (ii) the risk of increased credit provisioning adversely affecting SEB, (iii) the risk of declining property values adversely

affecting the collateral it takes in relation to real estate lending, (iv) the risk of market volatility adversely affecting its business, (v) the risk that regulatory change or enforcement initiatives could adversely affect SEB's business and (vi) a range of standard banking and life insurance risks including changes in interest and foreign exchange rates and operational, credit, market and liquidity risk, any of which, if not properly managed, could adversely affect SEB's business and results of operations.

In addition there are certain factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Furthermore, where the applicable Final Terms specify one or more Reference Item(s), the relevant Notes will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Notes will depend upon the performance of the relevant Reference Item(s). The Notes will not, however, at any time provide an investor with a right to claim against, or for delivery of, the relevant Reference Item(s). Investors should note further that Reference Item Linked Notes may be subject to specific disruption, adjustment and termination provisions which, on the occurrence of certain events, permit the Calculation Agent and/or the Issuer discretion to, amongst other things, adjust the terms of the affected Notes (including substituting one or more of the Reference Items for another Reference Item(s)), delay valuation of one or more Reference Items or the timing for payments of any amounts under the Notes and in certain circumstances to determine that the Notes should be early redeemed. The amount payable on such an early redemption may be significant less than the par amount of the relevant Notes and may be zero. Such provisions are discussed in more detail in the "Risk Factors" section below and are set out in full in the Terms and Conditions of the Reference Item Linked Notes.

Prospective investors in Reference Item Linked Notes should ensure that they understand the risks of transactions involving Reference Item Linked Notes and should reach an investment decision only after careful consideration of the suitability of such Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW ANY AMOUNTS PAYABLE UNDER THE NOTES (INCLUDING ANY PERIODIC INTEREST PAYMENTS) ARE DETERMINED AND WHEN ANY SUCH AMOUNTS MAY BE PAYABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**

**Dealers:** Skandinaviska Enskilda Banken AB (publ) and any other dealers appointed from time to time by the Bank.

**Fiscal Agent:** Citibank, N.A., London Branch.

**Programme Amount:** The Programme has an unlimited Programme Amount.

Copies of all documents incorporated by reference into the Information Memorandum can be obtained from SEB and the Paying Agent in London as described on page 46 of the Information Memorandum.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Information Memorandum by this Supplement and (b) any other statement in or incorporated into the Information Memorandum, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Information Memorandum previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Information Memorandum since the publication of the Information Memorandum.