

## SUPPLEMENTARY LISTING PARTICULARS



### HSBC Holdings plc

*(a company incorporated with limited liability in England with registered number 617987)*

*as Issuer*

**USD 50,000,000,000**

### **PROGRAMME FOR ISSUANCE OF PERPETUAL SUBORDINATED CONTINGENT CONVERTIBLE SECURITIES**

This supplement (the "**Supplement**") to the offering memorandum dated 8 September 2015 relating to the Programme for the Issuance of Perpetual Subordinated Contingent Convertible Securities (the "**Offering Memorandum**", which constitutes listing particulars for the purposes of listing on the Official List of the Irish Stock Exchange ("**Listing**") and trading on the Global Exchange Market of the Irish Stock Exchange and, for the avoidance of doubt, which does not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC (as amended)) constitutes supplementary listing particulars (pursuant to rule 3.10 of the Global Exchange Market Listing and Admission to Trading – Rules) for the purposes of Listing.

Terms defined in the Offering Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Memorandum prepared by HSBC Holdings plc, as issuer (the "**Issuer**") in relation to its USD 50,000,000,000 Programme for the Issuance of Perpetual Subordinated Contingent Convertible Securities.

This Supplement has been approved by the Irish Stock Exchange for the purposes of Listing.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having 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.

The purpose of this Supplement is to:

- update certain of the risk factors relating to the Securities in the Offering Memorandum with the risk factors set out in Annex 1 hereto;
- amend certain Terms and Conditions relating to the Securities as set out in Annex 2 hereto. With effect from the date of this Supplement, all references to "Conditions" in the Offering Memorandum shall be references to the Conditions as amended in Annex 2 to this Supplement and a conformed copy of the Terms and Conditions of the Securities as so amended is set out in Annex 3 of this Supplement;
- delete the sub-section entitled "EU Savings Directive" from the section of the Offering Memorandum entitled "Certain Other Taxation Matters" on page 107 of the Offering Memorandum;
- incorporate by reference into the Offering Memorandum, the annual report and accounts of the Issuer for the year ended 31 December 2015 (the "**Annual Report and Accounts**"). The Annual Report and Accounts are available on the Issuer's website at

[http://www.hsbc.com/investor-relations/financial-and-regulatory-reports?WT.ac=HGHO\\_Ir\\_fr1.1\\_On](http://www.hsbc.com/investor-relations/financial-and-regulatory-reports?WT.ac=HGHO_Ir_fr1.1_On). The Annual Report and Accounts, other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum;

- incorporate by reference into the Offering Memorandum the Form 20-F of the Issuer dated 25 February 2016 filed with the U.S. Securities and Exchange Commission (as set out at <https://www.sec.gov/Archives/edgar/data/1089113/000119312516478487/d117963d20f.htm>) (the "**Form 20-F**"). The Form 20-F, other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum;
- incorporate by reference into the Offering Memorandum the Form 6-K of the Issuer dated 29 February 2016 filed with the U.S. Securities and Exchange Commission (as set out at: <https://www.sec.gov/Archives/edgar/data/1089113/000119312516485408/0001193125-16-485408-index.htm>) (the "**Form 6-K**");
- incorporate by reference into the Offering Memorandum the new registration document, approved by the UK Financial Conduct Authority and published by the Issuer on 4 March 2016 (the "**Registration Document**"). The Registration Document is available on the Issuer's website at <http://www.hsbc.com/investor-relations/financial-and-regulatory-reports/issuance-programmes>. The Registration Document, other than information incorporated by reference therein and listed on page 5 of the Registration Document entitled "Documents Incorporated by Reference", is hereby incorporated by reference into the Offering Memorandum; and
- incorporate by reference into the Offering Memorandum the Earnings Release of the Issuer for the three months ended 31 March 2016 (the "**Earnings Release**"). The Earnings Release is available on the Issuer's website at <http://www.hsbc.com/investor-relations/financial-and-regulatory-reports>. The Earnings Release other than information incorporated by reference therein, is hereby incorporated by reference into the Offering Memorandum.

Any non-incorporated parts of the Annual Report and Accounts, the Form 20-F, the Registration Document and the Earnings Release are either not relevant for an investor or are covered elsewhere in the Offering Memorandum.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Offering Memorandum prior to the date of this Supplement, the statement in this Supplement will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Memorandum has arisen or been noted, as the case may be, since the publication of the Offering Memorandum.

18 May 2016

**ANNEX 1**  
**AMENDMENTS TO RISK FACTORS IN THE OFFERING MEMORANDUM**

1. The paragraph beginning "The section entitled "Risk Factors"..." and ending with "to investors in relation to the Securities" under "Risks relating to the Issuer" on page 1 of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

"The section entitled "*Risk Factors*" on pages 109a to 109l of the Annual Report of the Form 20-F of the Issuer for the year ended 31 December 2015, as incorporated by reference herein, sets out a description of the risk factors that may affect the ability of the Issuer to fulfil its obligations to investors in relation to the Securities."

2. The risk factor entitled "Securities subject to optional redemption by the Issuer" on page 7 of the Offering Memorandum shall be deleted and replaced with the following:

***"Securities subject to optional redemption by the Issuer***

The Securities are subject to optional redemption by the Issuer in a number of circumstances, namely: (a) on the occurrence of certain changes in the tax treatment of the Securities as described in Condition 6(b) (*Redemption for Taxation Reasons*), (b) (where Condition 6(c) (*Redemption at the Option of the Issuer*) is specified as being applicable in the relevant Pricing Supplement), in the event that the Issuer gives a notice exercising its option to redeem the Securities in whole or in part, or (c) if Condition 6(e) (*Redemption upon Capital Disqualification Event*) is specified as being applicable in the relevant Pricing Supplement, in the event that there are changes in the applicable regulatory capital requirements.

If Condition 6(c) (*Redemption at the Option of the Issuer*) is specified as being applicable to any particular Tranche of Securities, the Issuer may choose to redeem the Securities at times when prevailing interest rates may be relatively low. 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 Securities 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. In some circumstances redemption of the Securities may result in the investor receiving redemption proceeds that are less than the par value of the Securities being redeemed, resulting in a loss of part of their investment.

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

The Issuer's right to redeem or repurchase any Securities is subject to its obtaining, following the giving of any required notice, any required permission of the Lead Regulator applicable to the Issuer to the relevant redemption or repurchase. Under Article 78(1) of the CRD IV Regulation the Lead Regulator applicable to the Issuer is required to grant such permission where any of the following conditions is met, namely: (a) earlier than or at the same time as such redemption or repurchase the Issuer replaces the Securities being redeemed or repurchased with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (b) the Issuer has demonstrated to the satisfaction of the Lead Regulator applicable to the Issuer that the own funds of the Issuer would, following such redemption or repurchase, exceed both (i) the requirements laid down in Article 92(1) of the CRD IV Regulation

(broadly, a Common Equity Tier 1 Capital Ratio of the Group of 4.5 per cent., a Tier 1 capital ratio of 6 per cent. and a total capital ratio of 8 per cent.) and (ii) the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV Directive, in each case by a margin that the Lead Regulator applicable to the Issuer may consider necessary on the basis of Article 104(3) of the CRD IV Directive.

In addition, in the case of a redemption of Securities pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) or 6(e) (*Redemption upon Capital Disqualification Event*) before the fifth anniversary of their Issue Date, the Issuer must comply with the Regulatory Preconditions (as defined in Condition 20 (*Definitions*)) in accordance with Condition 6(h) (*Supervisory Consent*)."

3. The risk factor entitled "*Applicable Bank Resolution Powers*" on pages 15 to 17 (inclusive) of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

***"Applicable Bank Resolution Powers***

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

*Statutory Intervention Powers*

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

*Power to reduce Securityholders claims*

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

The write-down and conversion of capital instruments power may be used where the Relevant UK Resolution Authority has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital

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

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

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

#### *Powers to direct restructuring of the Group*

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

any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinuing the listing and admission to trading of debt instruments.

The exercise by the Relevant UK Resolution Authority of any of the above powers under the Banking Act (including especially the write-down and conversion of capital instruments power and the bail-in power) could lead to the holders of the Securities losing some or all of their investment.

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

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

4. The risk factor entitled "*The EU Savings Directive*" on page 17 of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

***"Limitation on gross-up obligation under the Securities***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of United Kingdom taxes under the terms of the Securities applies only to payments of interest in respect of the Securities and not to payments of principal. Accordingly, the Issuer would not be required to pay any additional amounts under the terms of the Securities to the extent any such withholding or deduction applied to payments of principal. In such circumstances, holders of the Securities may receive less than the full amount of principal due in respect of the Securities, and the market value of the Securities may be adversely affected."

5. The risk factor entitled "*Credit ratings may not reflect all risks; effect of reductions in credit ratings*" on page 19 of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

***"Credit ratings may not reflect all risks; effect of reductions in credit ratings***

One or more independent credit rating agencies may assign credit ratings to the Issuer and to any Series of Securities. Such credit ratings may not reflect the potential impact of all risks related to structure, market, risk factors discussed herein or other factors that may affect the value of the Securities. Accordingly, an investor may suffer losses if the credit rating assigned to any Securities does not reflect the true credit risks relating to such Securities. A credit rating is not a recommendation to buy, sell or hold Securities and may be revised or withdrawn by the relevant rating agency at any time.

The value of any Securities may be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by credit ratings. Real or expected downgrades, suspensions or withdrawals of, or changes in the

methodology used to determine, credit ratings accorded to any securities of the Issuer, including the Securities, or to the Issuer's debt securities generally, by any credit rating agency, could result in a reduction of the trading value of the Securities."

6. The risk factor entitled "*Change of law*" on page 19 of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

***"Change of law***

The Conditions of the Securities are based on English law in effect as at the date of this Offering Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Memorandum. In particular, if the UK were to vote to exit the EU following the referendum scheduled for 23 June 2016, there could be significant changes to the laws applicable in the UK. For example, the BRRD would cease to be applicable in the UK (subject to any transitional measures or re-admission to the European Free Trade Association). While any exit should not in of itself affect the validity of the Banking Act, it is possible that changes to law affecting Securityholders' rights could take place."

7. In the Risk Factors section, after the section entitled "*Change of Law*" on page 19 of the Offering Memorandum and before the section entitled "*Risks relating to Renminbi denominated Securities*", the following text shall be inserted:

***"Structural subordination***

The Securities are obligations exclusively of the Issuer and are not guaranteed by any other person, including any of its subsidiaries. The Issuer is a non-operating holding company and, as such, its principal source of income is from operating subsidiaries which hold the principal assets of the Issuer and its subsidiary undertakings (the "**Group**"). As a separate legal entity, the Issuer relies on, among other things, remittance of its subsidiaries' loan interest payments and dividends in order to be able to meet its obligations to Securityholders as they fall due. The ability of the Issuer's subsidiaries and affiliates to pay dividends could be restricted by changes in regulation, contractual restrictions, exchange controls and other requirements.

In addition, as a holder of ordinary shares in its subsidiaries, the Issuer's right to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and preference shareholders, except where the Issuer is a creditor with claims that are recognised to be ranked ahead of or *pari passu* with such claims of the subsidiary's creditors and/or preference shareholders against such subsidiary.

The Issuer has absolute discretion as to how it makes its investments in or advances funds to its subsidiaries, including the proceeds of issuances of debt securities such as the Securities, and as to how it may restructure existing investments and funding in the future. The ranking of the Issuer's claims in respect of such investments and funding in the event of the liquidation of a subsidiary, and their treatment in resolution, will depend in part on their form and structure and the types of claim that they give rise to. The purposes of such investments and funding, and any such restructuring, may include, among other things, the provision of different amounts or types of capital or funding to particular subsidiaries, including for the purposes of meeting regulatory requirements, such as the implementation of the European Banking Authority's (the "**EBA**") minimum requirement for own funds and eligible liabilities ("**MREL**") in respect of such subsidiaries, which may require funding to be made on a subordinated basis.

In addition, the terms of some loans or investments made by the Issuer in capital instruments issued by its subsidiaries may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of such subsidiary, would result in a write-down of the claim or a change in the ranking and type of claim that the Issuer has against such subsidiary. Such loans to and investments in the Issuer's subsidiaries may also be subject to the exercise of the statutory write-down and conversion of capital instruments power or the bail-in power – see "*Applicable Bank Resolution Powers*" above. Any changes in the legal or regulatory form and/or ranking of a loan or investment could also affect its treatment in resolution.

For the reasons described above, if any subsidiary of the Issuer were to be wound up, liquidated or dissolved (i) the Securityholders would have no right to proceed against the assets of such subsidiary and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of such subsidiary's creditors and/or preference shareholders (including holders of such subsidiary's senior debt and tier 2 and additional tier 1 capital instruments, all of which may include the Issuer) before the Issuer would be entitled to receive any distributions in respect of such subsidiary's ordinary shares."

8. The risk factors entitled "*Risks relating to Renminbi-denominated Securities*" on pages 19 to 24 of the Offering Memorandum shall be deleted in its entirety and shall be replaced by the following:

**"Risks relating to Renminbi-denominated Securities**

***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi-denominated Securities***

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar. However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although starting from 1 October 2016, the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Securities denominated in Renminbi.



***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi-denominated Securities and the Issuer's ability to source Renminbi outside the PRC to service Renminbi-denominated Securities***

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the People's Bank of China (the "PBoC") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Bank only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi-denominated Securities. To the extent the Issuer is required to source Renminbi outside the PRC to service Renminbi-denominated Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the terms and conditions applicable to Renminbi denominated Securities, the Issuer can make payments in U.S. dollars as set out in the Conditions.

***Investment in Renminbi-denominated Securities is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBoC implemented changes to the way it calculates the midpoint against the U.S. Dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. The Issuer will make all payments of interest and principal with respect to Renminbi-denominated Securities in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another currency, the value in that currency of the investment made by a holder of Renminbi-denominated Securities will decline.

***Investment in Renminbi-denominated Securities is subject to currency risk***

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on Renminbi-denominated Securities as a result of

Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in Renminbi-denominated Securities is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

Renminbi-denominated Securities may carry a fixed interest rate ("**Fixed Rate Securities**") or have a resettable interest rate ("**Resettable Securities**"). Consequently, the trading price of Renminbi-denominated Securities which are Fixed Rate Securities or Resettable Securities will vary with the fluctuations in the Renminbi interest rates. If holders of such Renminbi-denominated Securities propose to sell their Renminbi-denominated Securities before their maturity, they may receive an offer lower than the amount they have invested.

***Payments with respect to Renminbi-denominated Securities may be made only in the manner designated in Renminbi-denominated Securities***

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of Renminbi-denominated Securities will be made solely (i) for so long as Renminbi-denominated Securities are represented by global securities or global registered securities held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as Renminbi-denominated Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank instruments, by cheque or draft or by transfer to a bank account in the PRC).

***Gains on the transfer of Renminbi-denominated Securities may become subject to income taxes under PRC tax laws***

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules as amended from time to time, any gain realised on the transfer of Renminbi-denominated Securities by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. While the PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Securityholders from the transfer of the Securities, its implementation rules have reduced the enterprise income tax rate to 10 per cent. In accordance with the PRC Individual Income Tax Law and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Securityholder from the transfer of the Securities may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Securityholder from the

transfer of the Securities. However, uncertainty remains as to whether the gain realised from the transfer of Renminbi-denominated Securities by a non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for the avoidance of double taxation, holders of Securities who are residents of Hong Kong including enterprise holders and individual holders, will not be subject to EIT or IIT on any capital gains derived from a sale or exchange of Renminbi-denominated Securities.

Therefore, if non-PRC resident enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi-denominated Securities (such EIT is currently levied at the rate of 10 per cent. of gains realised and such IIT is currently levied at the rate of 20 per cent. of gains realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of Renminbi-denominated Securities reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities)), the value of their investment in Renminbi-denominated Securities may be materially and adversely affected.

#### ***Remittance of proceeds into or out of the PRC in Renminbi***

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under Renminbi-denominated Securities, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

#### ***Current Account Items***

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a Supervision List determined by the PBoC and five other relevant authorities would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBoC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBoC Circular**") which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, PBoC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for the eligible member companies in the group. On 5 September 2015, PBoC promulgated the *Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups* (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the "**2015 PBoC Circular**"), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBoC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone ("**Shanghai FTZ**") may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

#### ***Capital Account Items***

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by PBoC, the Ministry of Commerce of the PRC ("**MOFCOM**") and the State Administration of Foreign Exchange of the PRC ("**SAFE**"), foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. In addition, the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (體枋柔鯁婁埠數酌傑沛婁喇酌槽霆膾喇狼睨桜傷稔鏢簪) which became effective on 1 June 2015 allows foreign-invested enterprises to settle 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds to make equity contribution to its invested enterprises directly, without further fillings with SAFE.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "foreign debt") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "outbound loans"), as long as such PRC

entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "cross-border security"). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBoC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBoC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt proceeds into Renminbi on a voluntary basis, provided that the proceeds should not be used beyond their business scope or in violation of relevant laws and regulations.

Pilot schemes relating to cross-border Renminbi loans, bonds, or equity investments have also been launched for, among others, enterprises in Shenzhen Qianhai, Jiangsu Kunshan, Jiangsu Suzhou Industrial Park.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules."

**ANNEX 2**  
**AMENDMENTS TO TERMS AND CONDITIONS OF THE SECURITIES**

In the section entitled "Terms and Conditions of the Securities" on pages 41 to 97 of the Offering Memorandum:

1. In Condition 5(b) (*Restrictions on Interest Payments*) on page 54 of the Offering Memorandum, Condition 5(b) shall be deleted in its entirety and shall be replaced with the following:

***"Restrictions on Interest Payments***

Without prejudice to (1) Condition 5(a) (*Interest Payments Discretionary*) above or (2) the prohibition contained in Article 141(2) of the CRD IV Directive (and any implementation of such provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision) on the making of payments on the Securities before the Maximum Distributable Amount has been calculated, if and to the extent that on any date on which interest is payable in respect of the Securities:

(i) the amount of Relevant Distributions relating to such date exceeds the amount of Distributable Items; or

(ii) the aggregate of (A) the relevant interest amount payable in respect of the Securities and (B) the amounts of any distributions of the kind referred to in Article 141(2) of the CRD IV Directive (and in any implementation thereof in the United Kingdom or, as the case may be, in any succeeding provision amending or replacing such Article or any such implementing provision) exceeds the Maximum Distributable Amount (if any) applicable to the Issuer as of such date; or

(iii) the Lead Regulator applicable to the Issuer orders the Issuer to cancel (in whole or in part) the interest otherwise payable on such date,

the Issuer shall cancel (in whole or, as the case may be, in part) the interest otherwise payable on such date.

The Issuer shall be responsible for determining compliance with this Condition 5(b) and neither the Trustee, the Agent Bank nor any Paying Agent, Transfer Agent or Calculation Agent shall be required to monitor such compliance or to perform any calculations in connection therewith."

2. Condition 7 (*Taxation*) on pages 57-59 of the Offering Memorandum shall be deleted in its entirety and replaced with the following:

**"7. Taxation**

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

In that event, the Issuer will pay such additional amounts in respect of any payments of interest in respect of the Securities (but not, for the avoidance doubt, in respect of any payments of principal in respect of the Securities) as

may be necessary in order that the net amounts of interest in respect of the Securities received by the Securityholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of interest which would have been received in respect of the Securities and/or, as the case may be, Coupons, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Security or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Security or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Security or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Security or Coupon; or
- (b) unless it is proved, in the case of Bearer Securities, to the satisfaction of the Principal Paying and Conversion Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Securities, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to a Paying Agent or the relevant tax authorities (as applicable) or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of interest or by presenting the relevant Security or Coupon at the specified office of another Paying Agent (whether within or outside the European Union); or
- (c) more than thirty days after the Relevant Date (defined below) except, in the case of Bearer Securities, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of thirty days; or
- (d) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Security or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary or a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Securities, if the full amount of the money payable has not been received by the Principal Paying and Conversion Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Securityholders in accordance with Condition 15 (*Notices*).

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

- (i) any additional amounts in respect of payments of interest which may be payable under this Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;

- (ii) the principal amount payable on the relevant Securities on the Redemption Date (if any); and
- (iii) any premium and any other amounts which may be payable under or in respect of the relevant Securities.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986 Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding."

3. The first paragraph of Condition 10(a) (*Occurrence of Capital Adequacy Trigger*) on page 63 of the Offering Memorandum shall be deleted and replaced with the following:

"Whether a Capital Adequacy Trigger has occurred at any time shall be determined by the Issuer, the Lead Regulator applicable to the Issuer or any agent of the Lead Regulator applicable to the Issuer appointed for such purpose by the Lead Regulator applicable to the Issuer. If a Capital Adequacy Trigger has occurred in respect of any Series of Securities (such Securities, the "**Affected Securities**"), the Issuer shall immediately inform the Lead Regulator applicable to the Issuer and shall, prior to giving the Capital Adequacy Trigger Notice (as defined below) in accordance with the next following paragraph, deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Capital Adequacy Trigger has occurred. The Trustee shall accept such certificate without any further enquiry as sufficient evidence of such matters, in which event such certificate will be conclusive and binding on the Trustee and the Securityholders."

4. The definition of "Capital Adequacy Trigger" in Condition 20 (*Definitions*) on page 81 of the Offering Memorandum shall be deleted and replaced with the following:

"**Capital Adequacy Trigger**" means at any time that the Common Equity Tier 1 Capital Ratio of the Group is below 7.00 per cent.;"

5. In Condition 20 (*Definitions*) add the following definitions:

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Issuer required to be calculated in accordance with Article 141 of the CRD IV Directive (and any implementation thereof in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision);"

"**Relevant Distributions**" means, in relation to any date, the sum of (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such date on or in respect of (x) the Securities and (y) any Parity Securities and any Junior Securities and (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed to be cancelled) on such date on or in respect of (x) the Securities and (y) any Parity Securities and any Junior Securities, in each case, excluding any such payments already accounted for in determining the Distributable Items;"



6. In Condition 20 (*Definitions*) on page 81 of the Offering Memorandum, the definition of "Capital Disqualification Event" shall be deleted in its entirety and shall be replaced with the following:

**"Capital Disqualification Event"** means an event that shall be deemed to have occurred if the Issuer determines at any time after the Issue Date, that there is a change in the regulatory classification of the Securities that results in or will result in:

- (a) their exclusion in whole from the regulatory capital of the Group (other than as a consequence of their conversion pursuant to Condition 10(b) (*Conversion upon occurrence of Capital Adequacy Trigger*)); or
- (b) their reclassification in whole as a form of regulatory capital of the Group that is lower than Additional Tier 1 Capital;"

**ANNEX 3**  
**CONFORMED COPY OF AMENDED TERMS AND CONDITIONS OF THE SECURITIES**

*The following is the text of the terms and conditions applicable to the Securities, which, as completed in accordance with the provisions of the relevant Pricing Supplement, will be incorporated by reference into each Security in global form (subject to the section entitled "Forms of Securities; Summary of Provisions Relating to the Securities while in Global Form" above) and which will be endorsed on the Securities in definitive form (if any) issued in exchange for Securities in global form representing each Tranche, details of the relevant Tranche being as set out in the relevant Pricing Supplement.*

This Security is one of a Series of Securities (the "**Securities**") issued pursuant to the programme for issuance of perpetual subordinated contingent convertible securities (the "**Programme**") established by HSBC Holdings plc (the "**Issuer**") and is constituted by and issued subject to and with the benefit of a Trust Deed dated 8 September 2015 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**" which expression shall wherever the context so admits include its successors) and has the benefit of an Agency Agreement dated 2 September 2014 (such Agency Agreement as modified and/or supplemented and/or restated from time to time, the "**Agency Agreement**") each made between, amongst others, the Issuer, the Principal Paying and Conversion Agent (the "**Principal Paying and Conversion Agent**" which expression shall wherever the context so admits include its successors as such, and, together with any successor or additional paying agent appointed in respect of the Securities, the "**Paying Agents**", which expression shall wherever the context so admits include any successor and/or additional paying agents), the Registrar (the "**Registrar**" which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Securities), the Agent Bank (the "**Agent Bank**" which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Securities) each named therein and the Trustee. Under the terms of the Agency Agreement, one or more transfer agents (each a "**Transfer Agent**", which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Securities) and/or a calculation agent (the "**Calculation Agent**", which expression shall wherever the context so admits include any successor) may be appointed by the Issuer from time to time in respect of any Series of Securities, but none were appointed as of the date of the Agency Agreement. The initial Principal Paying and Conversion Agent, the initial Registrar and the initial Agent Bank, and any Transfer Agent(s) and/or Calculation Agent appointed in respect of a Series of Securities, are as named herein or in the relevant Pricing Supplement (as defined below). The Trustee shall exercise the duties, powers, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Securities in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by prior arrangement at the registered office for the time being of the Trustee and at the specified office of each of the Principal Paying and Conversion Agent, the other Paying Agents (if any), the Registrar and the Transfer Agents appointed from time to time pursuant to the terms of the Agency Agreement. The Holders (as defined in Condition 1(e)) for the time being of Securities (the "**Securityholders**") and of any coupons ("**Coupons**") or talons ("**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

References in these terms and conditions (the "**Conditions**") to "**Securities**" shall, where the context so requires include the temporary global Securities, the permanent global Securities and global registered Securities and such other Securities as may from time to time be issued under the Programme, as the case may be, and the term "**Securities**" includes subordinated debt securities, by whatever name called, issued under the Programme. References to "**HSBC Holdings**" or the "**Issuer**" means the Issuer in its capacity as issuer of Securities under the Programme. All Securities will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Securities. Each Tranche will be the subject of a Pricing Supplement (the "**Pricing Supplement**"), a copy of which will be attached to or incorporated by reference in each Security of such Tranche. Subject as set out in the relevant Pricing Supplement, all Securities issued pursuant to the Programme on the same date, denominated in the same currency, bearing interest on the same basis and issued on identical terms will constitute one Tranche of Securities.

Words and expressions defined or used in the Pricing Supplement relating to a Tranche of Securities shall have the same meanings where used in these Conditions unless the context otherwise requires.

Any defined terms not defined in Condition 20 (*Definitions*) have the meaning given to them elsewhere in the Conditions or the Pricing Supplement (as applicable).

1. **Form, Denomination and Title**

(a) ***Form***

Securities are issued in bearer form ("**Bearer Securities**") or in registered form ("**Registered Securities**") as set out in the relevant Pricing Supplement.

(b) ***Form of Bearer Securities***

Bearer Securities will be in substantially the relevant form (subject to amendment and completion) scheduled to the Trust Deed or in such other form as from time to time may be agreed. Bearer Securities will, if so specified in the relevant Pricing Supplement, have attached 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. Bearer Securities will also, if so specified in the relevant Pricing Supplement, have attached at the time of their initial delivery a Talon exchangeable for further Coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

(c) ***Form of Registered Securities***

Registered Securities will be in substantially the relevant form (subject to amendment and completion) scheduled to the Trust Deed or in such other form as may from time to time be agreed.

(d) ***Denomination***

Subject to Condition 9 (*Redenomination*), Bearer Securities will be in the Specified Denomination(s) set out in the relevant Pricing Supplement and Registered Securities will be in the denomination(s) and multiples set out in the relevant Pricing Supplement.

(e) ***Title***

Title to Bearer Securities, Coupons and Talons will pass by delivery. Title to Registered Securities passes by registration in the register (the "**Register**") which is kept by the Registrar. References herein to the "**Holders**" of Bearer Securities or of Coupons are to the bearers of such Bearer Securities or such Coupons and references herein to the "**Holders**" of Registered Securities are to the persons in whose names such Registered Securities are so registered in the Register.

To the extent permitted by law and subject to the provisions of the fourth paragraph of Condition 15 (*Notices*) while the Securities of any Series are represented by a Security or Securities in global form, the Issuer, the Trustee, the Principal Paying and Conversion Agent, any other Paying Agents, any Transfer Agents, the Agent Bank, the Calculation Agent and the Registrar may deem and treat the Holder of any Bearer Security or of any Coupon and the person in whose name any Registered Security is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not such Security shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(f) ***Transfer of Registered Securities***

Subject as provided in the final sentence of this Condition 1(f), a Registered Security may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only upon the surrender of the Registered Security to be transferred, together with the form of transfer (including, without limitation, any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent together with such evidence as the Registrar, or as the case may be, the relevant Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the

form of transfer. A new Registered Security will be issued to the transferee and, in the case of a transfer of part only of a Registered Security, a new Registered Security in respect of the balance not transferred will be issued to the transferor. No Holder may require the transfer of a Registered Security to be registered (i) during the period of fifteen calendar days ending on the due date for any payment (whether of principal, redemption amount, interest or otherwise) and (ii) at any time after the Suspension Date.

(g) ***Delivery***

Each new Registered Security to be issued upon the transfer of a Registered Security will, within five Relevant Banking Days (as defined in Condition 14) of the Transfer Date (as defined in Condition 14 (*Replacement, Exchange and Transfer*)), be available for delivery at the specified office of the Registrar or, as the case may be, the relevant Transfer Agent or (at the request and risk of the Holder of such Registered Security) be mailed by uninsured post to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar or any Transfer Agent after the Record Date (as defined in Condition 8(b) (*Registered Securities*)) in respect of any payment due in respect of Registered Securities shall be deemed not to be effectively received by the Registrar or such Transfer Agent until the day following the due date for such payment.

(h) ***No charge***

The issue of new Registered Securities on transfer will be effected without charge to the Holder or the transferee by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar or, as the case may be, the relevant Transfer Agent may require in respect of) any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfers or exchanges.

(i) ***Regulations concerning transfer and registration of Registered Securities***

All transfers of Registered Securities and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Securities scheduled to the Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Securities. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and any Transfer Agents.

2. **Status and Subordination**

(a) ***Status***

The Securities of each Series of Securities constitute direct, unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves. The rights and claims of the Securityholders and Couponholders are subordinated in the event of the winding-up of the Issuer in England to the Prior Ranking Creditors and as described in this Condition 2.

(b) ***Subordination – conditions to payment***

Other than where Condition 2(c) (*Winding-up prior to a Capital Adequacy Trigger*) or 2(d) (*Winding-up after a Capital Adequacy Trigger*) or (in relation to the cash component of any Alternative Consideration) 10(f) (*Conversion Shares Offer*) applies the Issuer's obligation to make any payment to Securityholders or Couponholders in respect of or arising from (including any damages for breach of any obligations under) the Securities is, in addition to the provisions of Condition 5 (*Cancellation of Interest*), conditional upon the Issuer being Solvent at the time of payment by the Issuer and no principal, interest or other amount shall be due and payable to Securityholders or Couponholders in respect of or arising from the Securities except to the extent that the Issuer could make such payment and still be Solvent immediately thereafter.

A certificate as to whether or not the Issuer is Solvent by the Auditors of the Issuer, on the basis of the information provided to the Auditors by the Issuer, shall, in the absence of manifest error,

be treated by the Issuer, the Trustee, the Holders and all other interested parties as correct and sufficient evidence thereof.

Any payment of interest that does not fall due by reason of this Condition 2(b) shall be cancelled as provided in Condition 5(a) (*Interest Payments Discretionary*).

(c) ***Winding-up prior to a Capital Adequacy Trigger***

If at any time prior to the date on which a Capital Adequacy Trigger occurs:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer in England (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (y) do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend,

there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the Holder of such Security if, throughout such winding-up or administration in England, such Holder were the holder of one of a class of preference shares in the capital of the Issuer denominated in the Specified Currency of the relevant Security ("**Notional Preference Shares**") having an equal right to a return of assets in the winding-up or administration in England to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares in the capital of the Issuer from time to time (if any) and which have a preferential right to a return of assets in the winding-up or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Prior Ranking Creditors, and on the assumption that the amount such holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up or administration were an amount equal to the principal amount of the relevant Security, including any accrued but unpaid interest thereon (to the extent not cancelled in accordance with these Conditions) and any damages awarded for breach of any obligations, whether or not the conditions referred to in Condition 2(b) are satisfied on the date upon which the same would otherwise be due and payable.

(d) ***Winding-up after a Capital Adequacy Trigger***

If at any time on or after the date on which a Capital Adequacy Trigger occurs:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer in England (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer, the terms of which reorganisation, reconstruction or amalgamation (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Issuer is appointed and such administrator declares, or gives notice that it intends to declare and distribute, a dividend,

but the relevant Ordinary Shares to be issued and delivered to the Settlement Shares Depository on conversion in accordance with Condition 10 (*Capital Adequacy Trigger*) have not been so delivered, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Security if, throughout such winding-up or administration, such Holder were the holder of such number of Ordinary Shares as that Holder would have been entitled to receive on conversion in accordance with Condition 10 (*Capital Adequacy Trigger*) (ignoring for these purposes the Issuer's right to make an election for a Conversion Shares Offer to be effected in accordance with

Condition 10(f) (*Conversion Shares Offer*) (if applicable) whether or not the conditions referred to in Condition 2(b) (*Subordination – conditions to payment*) are satisfied on the date upon which the same would otherwise be due and payable.

(e) ***Set-off***

Claims in respect of any Securities or Coupons may not be set-off, or be the subject of a counterclaim, by the Holder against or in respect of any of its obligations to the Issuer, the Trustee or any other person and every Holder waives, and shall be treated for all purposes as if it had waived, any right that it might otherwise have to set-off, or to raise by way of counterclaim, any claim of his in respect of any Securities or Coupons, against or in respect of any obligations of his to the Issuer, the Trustee or any other person. If, notwithstanding the preceding sentence, any Holder receives or recovers any sum or the benefit of any sum in respect of any Security or Coupon by virtue of any such set-off or counterclaim, such Holder shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding-up of the Issuer, to the liquidator of the Issuer.

(f) ***Trustee***

The provisions of this Condition 2 apply only to the principal and interest and any other amounts payable to the Securityholders and Couponholders in respect of the Securities and the Coupons and nothing in this Condition 2 or in Condition 10 (*Capital Adequacy Trigger*) or Condition 11 (*Enforcement*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall have no responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of principal, interest or other amounts by reason of Condition 2(b) or Condition 5 (*Cancellation of Interest*) or conversion pursuant to Condition 10 (*Capital Adequacy Trigger*). Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in connection with any of the foregoing.

3. **Interest on Fixed Rate Securities and Resettable Securities**

(a) ***Interest on Fixed Rate Securities***

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), Securities which are specified in the relevant Pricing Supplement as being Fixed Rate Securities (each a "**Fixed Rate Security**") will bear interest on the principal amount of each Security at the applicable fixed rate or rates per annum specified in the relevant Pricing Supplement as the rates of interest (each a "**Rate of Interest**") from the Interest Commencement Date specified in the relevant Pricing Supplement. Interest will be payable in arrear on the Fixed Interest Payment Date(s). Subject to Conditions 2(b) (*Subordination – conditions to payment*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), the first payment of interest will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

(b) ***Interest on Resettable Securities***

Subject to Conditions 2(b) (*Subordination – conditions to payment*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), Securities which are specified in the relevant Pricing Supplement as being Resettable Securities (each a "**Resettable Security**") will bear interest on the principal amount of each Security:

- (i) from (and including) the Interest Commencement Date specified in the relevant Pricing Supplement until (but excluding) the First Resettable Security Reset Date at the Initial Rate of Interest;
- (ii) from (and including) the First Resettable Security Reset Date until (but excluding) the Second Resettable Security Reset Date or, if no such Second Resettable Security Reset Date is specified in the relevant Pricing Supplement, the Redemption Date (if any), at the First Reset Rate of Interest; and

- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest.

Subject to Conditions 2(b) (*Subordination – conditions to payment*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), interest will be payable in arrear on the Resettable Security Interest Payment Date(s). The first payment of interest will be made on the first Resettable Security Interest Payment Date following the Interest Commencement Date.

(c) ***Fallback Provision for Resettable Securities***

(i) ***Mid-Swap Rate***

If the Resettable Security Reference Rate is specified in the applicable Pricing Supplement as Mid-Swap Rate, then, if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the Resettable Security Margin, all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 3(c)(i), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the rate of interest as at the last preceding Resettable Security Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 3(c)(i), "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(ii) ***Resettable Security Interbank Rate***

If the Resettable Security Reference Rate is specified in the applicable Pricing Supplement as Resettable Security Interbank Rate, then if the Relevant Screen Page does not contain an appropriate page in respect of the Specified Currency, or if:

(A) **Benchmarks other than CNH HIBOR**

the Benchmark specified in the relevant Pricing Supplement is a Benchmark other than CNH HIBOR, fewer than two of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity); or

(B) **CNH HIBOR**

the Benchmark specified in the relevant Pricing Supplement is CNH HIBOR, fewer than three of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity),

or if the rates which appear as at such time do not apply to a period of a duration equal to the Relevant Period, the Resettable Security Interbank Rate in relation to such Reset Determination Date shall be determined by the Calculation Agent in accordance with the following provisions and the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for

the relevant Reset Period shall be the sum of the rates or arithmetic mean of the rates so determined (as applicable) and the Resettable Security Margin (as applicable), all as determined by the Calculation Agent.

The Calculation Agent will:

- (1) where the Specified Currency is euro:
  - (A) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Reset Determination Date to prime banks in the Euro-zone interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time; and
  - (B) discard the highest and lowest quotation and determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such remaining quotations. If fewer than three such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the Reset Determination Date for loans in euro to leading Euro zone banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time; or
- (2) where the Specified Currency is Renminbi, request the principal Hong Kong office of each of four major banks dealing in Renminbi in the Hong Kong inter-bank market to provide a quotation of the rate at which deposits in Renminbi are offered by it at approximately 11.15 a.m. (Hong Kong time) on the Reset Determination Date to prime banks in the Hong Kong interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time, and either (i) if two or more such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; or (ii) if the Calculation Agent determines that fewer than two such quotations are provided as requested, the Calculation Agent will determine the rate or the arithmetic mean (rounded, if necessary, as aforesaid) of the rates at approximately 11.15 a.m. (Hong Kong time) on the Reset Determination Date for loans in Renminbi to leading Hong Kong banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time, which any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Hong Kong inter-bank market; or
- (3) in any other case, request appropriate quotations and will determine the arithmetic mean of the rate at which deposits in the Specified Currency are offered by three major banks (or, if fewer than three rates are so quoted, two major banks, or, if fewer than two rates are quoted, one major bank) in the London interbank market, selected by the Calculation Agent, at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of the relevant Reset Period to



prime banks in the London interbank market for a period equal to the Relevant Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

**provided that**, in each case, if the rate cannot be determined in accordance with the foregoing provisions, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the rate of interest as at the last preceding Resetable Security Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

(d) ***Notification of Rate of Interest for Resetable Securities***

The Agent Bank will cause the First Reset Rate of Interest or (if applicable) the relevant Subsequent Reset Rate of Interest for each interest period to be notified to the Issuer, the Principal Paying and Conversion Agent, for as long as such Securities are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, to such listing authority, stock exchange and/or quotation system in accordance with the rules thereof, and, for as long as such Securities are represented by Securities in global form, Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or depository as may be set out in the relevant Pricing Supplement as soon as possible after the determination thereof but in any event no later than the fourth business day thereafter. In respect of Resetable Securities which are in definitive form, the Agent Bank will give notice to the Securityholders of the First Reset Rate of Interest and (if applicable) the relevant Subsequent Reset Rate of Interest in accordance with the provisions of Condition 15 (*Notices*).

(e) ***Fixed Coupon Amounts and Resetable Coupon Amounts***

If the Fixed Rate Securities are in definitive form and a Fixed Coupon Amount is specified in the relevant Pricing Supplement, the amount of interest payable in respect of each Fixed Rate Security for any Interest Period shall be the relevant Fixed Coupon Amount multiplied by a fraction equal to the Specified Denomination of such Security divided by the Calculation Amount and, if the Securities are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount multiplied by a fraction equal to that relevant Specified Denomination divided by the Calculation Amount.

If the Resetable Securities are in definitive form and a Resetable Coupon Amount is specified in the relevant Pricing Supplement in relation to a Resetable Security Interest Payment Date, the amount of interest payable in respect of each Resetable Security on such a Resetable Security Interest Payment Date shall be the relevant Resetable Coupon Amount multiplied by a fraction equal to the Specified Denomination of such Security divided by the Calculation Amount and, if the Securities are in more than one Specified Denomination, shall be the relevant Resetable Coupon Amount multiplied by a fraction equal to that relevant Specified Denomination divided by the Calculation Amount

(f) ***Calculation of Interest Amount for Fixed Securities or Resetable Securities***

Except in the case of Fixed Rate Securities and Resetable Securities in definitive form where an applicable Fixed Coupon Amount or (as the case may be) Resetable Coupon Amount in relation to an Interest Period is specified in the relevant Pricing Supplement, the amount of interest payable in respect of a Fixed Rate Security or (as the case may be) Resetable Security in relation to any period shall be calculated by applying the Rate of Interest (in the case of a Fixed Rate Security) or the Initial Rate of Interest, First Reset Rate of Interest or (if applicable) relevant Subsequent Reset Rate of Interest (in the case of a Resetable Security) to:

- (i) in the case of Fixed Rate Securities or, as the case may be, Resetable Securities which are represented by a Security in global form, the principal amount of the Securities represented by such Security in global form during such Interest Period; or
- (ii) in the case of Fixed Rate Securities or, as the case may be, Resetable Securities in definitive form, the Calculation Amount during such Interest Period, as so specified in the relevant Pricing Supplement,

in each case, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest applicable sub-unit of the currency in which the Security is denominated or, as the case may be, in which such interest is payable (one half of any sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Fixed Rate Security or, as the case may be, Resettable Security in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Security shall be the aggregate of the amounts determined in the manner provided above for each Calculation Amount comprising the Specified Denomination without any further rounding.

(g) ***Determination or Calculation by an agent appointed by the Trustee in relation to Resettable Securities***

If the Calculation Agent does not at any time for any reason determine the First Reset Rate of Interest or Subsequent Reset Rate of Interest, the Trustee may (at the expense of the Issuer) appoint an agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent appointed by the Trustee shall apply the foregoing provisions of this Condition 3, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(h) ***Certificates, etc. to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 3 whether by the Calculation Agent, Agent Bank or any agent appointed by the Trustee shall (in the absence of manifest error) be binding on the Issuer, the Trustee, any agent appointed by the Trustee, the Paying Agents, (where appropriate) the Registrar and the Holders of Securities and of the Coupons appertaining thereto. No Holder of Securities or of the Coupons appertaining thereto shall be entitled to proceed against the Calculation Agent, the Agent Bank, the Trustee, any agent appointed by the Trustee, the Paying Agents, the Registrar or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

(i) ***Cessation of Interest Accrual***

Without prejudice to Conditions 2(b) (*Subordination – conditions to payments*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), interest will cease to accrue on each Fixed Rate Security or Resettable Security on the Redemption Date (if any) unless, upon due presentation thereof or, in the case of a Registered Security, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Security, upon further presentation thereof, payment in full of the principal amount due in respect of such Fixed Rate Security or (as the case may be) Resettable Security is made or (if earlier) the date upon which notice is duly given to the Holder of such Fixed Rate Security or (as the case may be) Resettable Security that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying and Conversion Agent or the Trustee or, in the case of a Registered Security, the date on which payment in full is made.

4. **Interest on Floating Rate Securities**

(a) ***Accrual of Interest***

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), Securities which are specified in the relevant Pricing Supplement as being Floating Rate Securities (each a "**Floating Rate Security**") bear interest on the principal amount of each Security from the Interest Commencement Date specified in the relevant Pricing Supplement.

Without prejudice to 2(b) (*Subordination – conditions to payments*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), interest will cease to accrue on each Floating Rate Security on its Redemption Date (if any) unless, upon due presentation thereof or, in the case of a Registered Security, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Security, upon further presentation thereof, payment in full of the principal amount due in respect of such Security is made or (if earlier) the date upon which notice is duly given to the Holder of such Security that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying and Conversion Agent or the Trustee or, in the case of a Registered Security, the date on which payment in full is made.

(b) ***Interest Payment Dates and Interest Periods***

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 5 (*Cancellation of Interest*) and 10(g) (*Accrued interest following a Capital Adequacy Trigger*), interest on each Floating Rate Security will be payable in arrear on the Interest Payment Date(s). The first payment of interest will be made on the first Interest Payment Date following the Interest Commencement Date.

The period from (and including) the Interest Commencement Date up to (but excluding) the first Interest Payment Date and each period thereafter from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date is referred to herein as an "**Interest Period**".

(c) ***Rate of Interest***

The rate at which Floating Rate Securities will bear interest (the "**Rate of Interest**") shall be determined by the Agent Bank on the basis of the following provisions:

- (i) the Rate of Interest in respect of an Interest Period and a Specified Currency shall, subject as provided below, be:

(A) ***Benchmarks other than CNH HIBOR***

if the Benchmark specified in the relevant Pricing Supplement is a Benchmark other than CNH HIBOR, the Relevant Rate of the Benchmark (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or the arithmetic mean rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which appear on the Relevant Screen Page as at, in the case of LIBOR, 11.00 a.m. (London time) or, in the case of EURIBOR, 11.00 a.m. (Brussels time) on the Interest Determination Date; or

(B) ***CNH HIBOR***

if the Benchmark specified in the relevant Pricing Supplement is CNH HIBOR, the Relevant Rate of the Benchmark or the arithmetic mean of the Relevant Rates rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which, appear on the Relevant Screen Page as at 11.15 a.m. (Hong Kong time) or, if at or around that time the Agent Bank is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on the Interest Determination Date,

and in each case plus or minus (as appropriate) the percentage rate per annum (if any) over or under the Relevant Rate or, as the case may be, arithmetic mean of the Relevant Rates of the Benchmark by which the Rate of Interest is to be determined as set out in the relevant Pricing Supplement (the "**Margin**"), all as determined by the Agent Bank;

- (ii) if the Relevant Screen Page does not contain an appropriate page in respect of the Specified Currency, or if,

(A) *Benchmarks other than CNH HIBOR*

the Benchmark specified in the relevant Pricing Supplement is a Benchmark other than CNH HIBOR, fewer than two of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity); or

(B) *CNH HIBOR*

the Benchmark specified in the relevant Pricing Supplement is CNH HIBOR, fewer than three of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity),

or if the rates which appear as at such time do not apply to a period of a duration equal to the Relevant Period, the Rate of Interest for such Interest Period, shall be the Fallback Rate as set out in paragraph (iii) below plus or minus, as applicable, the applicable Margin;

(iii) to determine the "**Fallback Rate**" in the circumstances set out in (ii) above, the Agent Bank will:

(A) where the Specified Currency is euro:

(1) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time; and

(2) discard the highest and lowest quotation and determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such remaining quotations. If fewer than three such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone interbank market, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading Euro-zone banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time; or

(B) where the Specified Currency is Renminbi, request the principal Hong Kong office of each of four major banks dealing in Renminbi in the Hong Kong interbank market to provide a quotation of the rate at which deposits in Renminbi are offered by it at approximately 11.15 a.m. (Hong Kong time) on the Interest Determination Date to prime banks in the Hong Kong interbank market for a period equal to the Relevant Period in an amount that is representative for a single transaction in that market at that time, and either (i) if two or more such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; or (ii) if the Agent Bank determines that fewer than two such quotations are provided as requested, the Agent Bank will determine the rate or the arithmetic mean (rounded, if necessary, as aforesaid) of the rates at approximately 11.15 a.m. (Hong Kong time) on the first day of the relevant Interest Period for loans in Renminbi to leading Hong Kong banks for a period equal to the Relevant Period and in an amount that is representative for a single transaction in that market at the time, which any one or more banks (which bank or banks is or are

in the opinion of the Agent Bank suitable for such purpose) informs the Agent Bank it is quoting to leading banks in the Hong Kong inter-bank market, provided that, if the rate cannot be determined in accordance with the foregoing provisions of this paragraph, the rate shall be determined as at the last preceding Interest Determination Date; or

(C) in any other case, request appropriate quotations and will determine the arithmetic mean of the rate at which deposits in the Specified Currency are offered by three major banks (or, if fewer than three rates are so quoted, two major banks, or, if fewer than two rates are quoted, one major bank) in the London interbank market, selected by the Agent Bank, at approximately 11.00 a.m. (London time) on the Interest Determination Date in respect of the relevant Interest Period to prime banks in the London interbank market for a period equal to the Relevant Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

(iv) The relevant Pricing Supplement may specify a maximum rate of interest (a "**Maximum Rate of Interest**"). If a Maximum Rate of Interest is so specified, then the Rate of Interest in respect of an Interest Period shall in no event be greater than such Maximum Rate of Interest.

(v) The relevant Pricing Supplement may specify a minimum rate of interest (a "**Minimum Rate of Interest**"). If a Minimum Rate of Interest is so specified, then the Rate of Interest in respect of an Interest Period shall in no event be lower than such Minimum Rate of Interest.

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

The Agent Bank will, as soon as practicable after, in the case of LIBOR, 11.00 a.m. (London time) or, in the case of EURIBOR, 11.00 a.m. (Brussels time) or, in the case of CNH HIBOR, 11.15 a.m. (Hong Kong time) or as may be set out in the relevant Pricing Supplement on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable in respect of each denomination of the relevant Floating Rate Securities (the "**Interest Amount**") for the relevant Interest Period.

The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to:

(i) in the case of Floating Rate Securities which are represented by a Security in global form, the principal amount of the Securities represented by such Security in global form during such Interest Period; or

(ii) in the case of Floating Rate Securities in definitive form, the Calculation Amount during such Interest Period, as so specified in the relevant Pricing Supplement,

and in each case multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Floating Rate Security in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Security shall be the aggregate of the amounts determined in the manner provided above for each Calculation Amount comprising the Specified Denomination without any further rounding.

(e) ***Linear Interpolation***

Where "Linear Interpolation" is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Agent Bank by straight-line linear interpolation by reference to two rates based on the Relevant Screen Page, one of which shall be determined as if the Relevant Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period

and the other of which shall be determined as if the Relevant Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent Bank shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

The Agent Bank will cause the Rate of Interest, the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying and Conversion Agent, for as long as such Securities are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, to such listing authority, stock exchange and/or quotation system in accordance with the rules thereof, and, for as long as such Securities are represented by Securities in global form, Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or depository as may be set out in the relevant Pricing Supplement as soon as possible after the determination thereof but in any event no later than the fourth business day thereafter. In respect of Floating Rate Securities which are Securities in definitive form, the Agent Bank will give notice to the Securityholders of the Rate of Interest, the Interest Amount and the relevant Interest Payment Date in accordance with the provisions of Condition 15 (*Notices*). The Interest Amount and the Interest Payment Date so notified in respect of any Securities 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, for as long as such Securities are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, to such listing authority, stock exchange and/or quotation system in accordance with the rules thereof.

(g) ***Determination or Calculation by agent appointed by the Trustee***

If the Agent Bank does not at any time for any reason determine the Rate of Interest or calculate the Interest Amount, the Trustee may (at the expense of the Issuer) appoint an agent to do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, such agent appointed by the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(h) ***Certificates, etc. to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 4 whether by the Agent Bank or any agent appointed by the Trustee shall (in the absence of manifest error) be binding on the Issuer, the Trustee (or such agent appointed by the Trustee), the Paying Agents, (where appropriate) the Registrar and the Holders of Securities and of the Coupons appertaining thereto. No Holder of Securities or of the Coupons appertaining thereto shall be entitled to proceed against the Agent Bank, the Trustee or any agent appointed by the Trustee, the Paying Agents, the Registrar or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

5. **Cancellation of Interest**

(a) ***Interest Payments Discretionary***

The Issuer shall be entitled at its full discretion to cancel (in whole or in part) any amounts of interest otherwise payable in respect of the Securities on any date. Unless otherwise specified, references in these Conditions to a payment of interest being "cancelled" (and similar references) shall include cancellation by reason of it not being due in accordance with Condition 2(b) (*Subordination – conditions to payments*), the cancellation of such payment of interest (or relevant part thereof) in accordance with Condition 50 (*Restrictions on Interest Payments*) or 10(g) (*Accrued interest following a Capital Adequacy Trigger*) or, as appropriate, the Issuer's

exercise of its discretion otherwise to cancel such payment of interest (or relevant part thereof) in accordance with this Condition 5(a).

If the Issuer does not make any such payment of interest (or any part thereof) on the relevant date for payment, such non-payment shall evidence the non-payment and cancellation of such payment of interest (or relevant part thereof) and accordingly such interest shall not in any such case be due and payable.

Any payment of interest (or relevant part thereof) which is cancelled shall not become due and shall not accumulate or be payable at any time after its cancellation, and Securityholders shall have no rights in respect thereof and any such cancellation or non-payment (in whole or in part) shall not constitute a default or event of default on the part of the Issuer for any purpose.

(b) ***Restrictions on Interest Payments***

Without prejudice to (1) Condition 5(a) (Interest Payments Discretionary) above or (2) the prohibition contained in Article 141(2) of the CRD IV Directive (and any implementation of such provision in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision) on the making of payments on the Securities before the Maximum Distributable Amount has been calculated, if and to the extent that on any date on which interest is payable in respect of the Securities:

- (i) the amount of Relevant Distributions relating to such date exceeds the amount of Distributable Items; or
- (ii) the aggregate of (A) the relevant interest amount payable in respect of the Securities and (B) the amounts of any distributions of the kind referred to in Article 141(2) of the CRD IV Directive (and in any implementation thereof in the United Kingdom or, as the case may be, in any succeeding provision amending or replacing such Article or any such implementing provision) exceeds the Maximum Distributable Amount (if any) applicable to the Issuer as of such date; or
- (iii) the Lead Regulator applicable to the Issuer orders the Issuer to cancel (in whole or in part) the interest otherwise payable on such date,

the Issuer shall cancel (in whole or, as the case may be, in part) the interest otherwise payable on such date.

The Issuer shall be responsible for determining compliance with this Condition 5(b) and neither the Trustee, the Agent Bank nor any Paying Agent, Transfer Agent or Calculation Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

(c) ***Notice of Interest Cancellation***

If practicable, the Issuer shall give notice of any cancellation of any interest to the Securityholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying and Conversion Agent on or prior to the relevant date on which such interest would otherwise have been payable; **provided, however, that** any failure to provide such notice will not invalidate the cancellation of the relevant payment of interest.

6. ***Redemption and Purchase***

(a) ***No Fixed Redemption Date***

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2(b) (*Subordination – conditions to payments*) and Condition 6(f) (*Capital Adequacy Trigger Notice*)) only have the right to repay them or purchase them in accordance with the following provisions of this Condition 6.

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

Subject to Conditions 2(b) (*Subordination – conditions to payments*), 6(f) (*Capital Adequacy Trigger Notice*), the final paragraph of this Condition 6(b) and Condition 6(h) (*Supervisory Consent*), if the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that:

- (i) on a subsequent date for the payment of interest on any Series of Securities the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 7; or
- (ii) if the Issuer were to seek to redeem the Securities on a subsequent date (for which purpose no regard shall be had as to whether or not the Issuer would otherwise be entitled to redeem such Securities), the Issuer would (notwithstanding its having made such endeavours as the Trustee shall consider reasonable) be required to pay any additional amounts in accordance with the provisions of Condition 7; or
- (iii) unless the relevant Pricing Supplement specifies that this Condition 6(b)(iii) does not apply, on a subsequent date for the payment of interest on any Series of Securities, interest payments (or funding costs of the Issuer as recognised in its accounts) under or with respect to the Securities are no longer fully deductible for UK corporation tax purposes; or
- (iv) the relevant Securities would no longer be treated as loan relationships for United Kingdom tax purposes; or
- (v) any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date, would, as a result of the Securities being in issue, result in the Issuer not being able to have losses or deductions set against the profit or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist); or
- (vi) a future write-down of the principal amount of the Securities or conversion of the Securities into Ordinary Shares would result in a United Kingdom tax liability, or the receipt of income or profit which would be subject to United Kingdom tax, which would not otherwise have been the case as at the Issue Date of the relevant Securities; or
- (vii) the relevant Securities or any part thereof will become treated as a derivative or an embedded derivative for United Kingdom tax purposes,

then, the Issuer may, having given not less than thirty nor more than forty-five days' notice (ending, in the case of Floating Rate Securities, on an Interest Payment Date) to the Securityholders (which notice shall, subject to Conditions 2(b) (*Subordination – conditions to payments*) and 6(f) (*Capital Adequacy Trigger Notice*), be irrevocable) in respect of such Series of Securities, redeem all, but not some only, of the Securities, at their principal amount or such other redemption amount as may be set out in the relevant Pricing Supplement together with (to the extent not cancelled pursuant to these Conditions) interest accrued and unpaid, if any, to the date fixed for redemption **provided that** no such notice of redemption shall be given earlier than ninety days (or in the case of Floating Rate Securities a number of days which is equal to the aggregate of the number of days in the then current Interest Period plus sixty days **provided that** such aggregate number of days shall not be greater than ninety days) prior to the earliest date on which the relevant circumstances described in the relevant paragraph of (i) to (vii) above would occur.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient, to establish the circumstances required to be established pursuant to this



Condition 6(b), if the Issuer shall deliver to the Trustee a certificate or opinion of an independent legal adviser or accountant satisfactory to the Trustee to the effect either that such circumstances do exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto), or in the interpretation, application or administration thereof, of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, which at the date of such certificate or opinion is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant circumstances described in the relevant paragraph of (i) to (vii) above would otherwise occur and for these purposes, the Trustee shall accept such certificate or opinion without further enquiry as sufficient evidence of the existence of such circumstances and such certificate or opinion shall be conclusive and binding on the Securityholders and any Couponholders.

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

Subject to Condition 2(b) (*Subordination – conditions to payments*), Condition 6(f) (*Capital Adequacy Trigger Notice*) and Condition 6(h) (*Supervisory Consent*), where this Condition 6(c) is stated to be applicable in the relevant Pricing Supplement, Securities shall be redeemable at the option of the Issuer. In such case, the Issuer may, (i) on any Call Option Date during any Call Option Period, in each case as specified in the relevant Pricing Supplement, on giving (in accordance with Condition 15) not less than thirty nor more than sixty days' notice to the Securityholders (or such other period specified in the relevant Pricing Supplement) (which notice shall, subject to Conditions 2(b) (*Subordination – conditions to payments*) and 6(f) (*Capital Adequacy Trigger Notice*), be irrevocable) specifying the date fixed for such redemption.

On the date so fixed, the Issuer shall, subject to Conditions 2(b) (*Subordination – conditions to payments*) and 6(f) (*Capital Adequacy Trigger Notice*), redeem all of such Securities (or, if so specified in the relevant Pricing Supplement and subject as therein specified, some only of the Securities) at their principal amount or such other redemption amount as set out in the relevant Pricing Supplement together with (to the extent not cancelled pursuant to these Conditions) interest accrued thereon to the date fixed for redemption.

If the Securities of a Series are to be redeemed in part only on any date in accordance with this Condition 6(c):

- (i) in the case of Bearer Securities (other than a temporary global Security or permanent global Security), the Securities to be redeemed shall be drawn by lot in such European city as the Principal Paying and Conversion Agent may specify, or identified in such other manner or in such other place as the Principal Paying and Conversion Agent and the Trustee may approve and deem appropriate and fair; and
- (ii) in the case of Registered Securities, the Securities shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Security shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

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

In the case of the redemption of part only of a Registered Security, a new Registered Security in respect of the unredeemed balance shall be issued in accordance with Condition 14 (*Replacement, Exchange and Transfer*) which shall apply as in the case of a transfer of Registered Securities as if such new Registered Security were in respect of the untransferred balance.

(d) ***Purchases***

Subject to Condition 6(h) (*Supervisory Consent*), the Issuer or any holding or subsidiary company of it or any subsidiary of any such holding company may at any time purchase Securities at any price in the open market or otherwise and may resell the same.

(e) ***Redemption upon Capital Disqualification Event***

Subject to Condition 2(b) (*Subordination – conditions to payments*), Condition 6(f) (*Capital Adequacy Trigger Notice*) and Condition 6(h) (*Supervisory Consent*), if this Condition 6(e) is specified as being applicable in the relevant Pricing Supplement, then, following the occurrence of a Capital Disqualification Event, the Issuer may, within ninety days of the occurrence of the relevant Capital Disqualification Event and on giving not less than thirty nor more than sixty days' (ending, in the case of Floating Rate Securities, on an Interest Payment Date) to the Trustee (with a copy to the Principal Paying and Conversion Agent) and to the Securityholders in accordance with Condition 15 (which notice shall, subject to Conditions 2(b) (*Subordination – conditions to payments*) and 6(f) (*Capital Adequacy Trigger Notice*), be irrevocable), at its option, redeem all, but not some only, of the Securities at the Capital Disqualification Event Early Redemption Price, together with (to the extent not cancelled pursuant to these Conditions) interest accrued and unpaid, if any, to the date fixed for redemption.

Prior to giving the above notice to the Trustee pursuant to this Condition 6(e), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that a Capital Disqualification Event has occurred and is continuing, the Trustee shall accept such certificate without further inquiry as sufficient evidence of the same and it shall be conclusive and binding on the Securityholders and any Couponholders.

(f) ***Capital Adequacy Trigger Notice***

The Issuer may not give a notice of redemption of any Series of Securities pursuant to this Condition 6 if a Capital Adequacy Trigger Notice has been given in respect of such Securities. If a Capital Adequacy Trigger Notice is given after a notice of redemption shall have been given by the Issuer but before the relevant Redemption Date, such notice of redemption shall automatically be revoked and be null and void and the relevant Securities shall not be redeemed.

(g) ***Cancellation***

All Securities redeemed pursuant to paragraph (b), (c) or (e) of this Condition 6 shall, and all Securities purchased pursuant to paragraph (d) of this Condition 6 may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Bearer Securities in definitive form, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) by the Paying Agent through which they are redeemed or by the Principal Paying and Conversion Agent to which they are surrendered. All Securities redeemed or purchased and cancelled as aforesaid may not be re-issued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

(h) ***Supervisory Consent***

The Issuer may only exercise a right to redeem or purchase Securities pursuant to Conditions 6(b) (*Redemption for Taxation Reasons*), 6(c) (*Redemption at the Option of the Issuer*), 6(d) (*Purchases*) or 6(e) (*Redemption upon Capital Disqualification Event*):

- (i) in the case of a redemption pursuant to Condition 6(e) (*Redemption upon Capital Disqualification Event*) where the date fixed for redemption falls before the fifth anniversary of the Issue Date, if the Issuer has first complied with the Regulatory Preconditions and obtained any Relevant Supervisory Consent; and
- (ii) in any other case, unless the relevant Securities have (or will have on the date fixed for redemption or purchase) ceased fully to qualify as part of the Issuer's regulatory capital, if the Issuer has first:
  - (A) obtained any Relevant Supervisory Consent; and
  - (B) in the case of a redemption pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) where the date fixed for redemption falls before the fifth anniversary of the Issue Date, complied with the Regulatory Preconditions.

For these purposes, as between the Issuer and the Securityholders, the Issuer shall be deemed to have complied with items (i) or (ii) above (as and where applicable) if it has obtained a Relevant Supervisory Consent, and a certificate signed by two authorised signatories of the Issuer stating that it has obtained a Relevant Supervisory Consent delivered to the Trustee (who shall accept such certificate without further inquiry as sufficient evidence of the same) shall be conclusive as to the Issuer having obtained such consent and shall be binding on the Securityholders.

7. **Taxation**

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

In that event, the Issuer will pay such additional amounts in respect of any payments of interest in respect of the Securities (but not, for the avoidance doubt, in respect of any payments of principal in respect of the Securities) as may be necessary in order that the net amounts of interest in respect of the Securities received by the Securityholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of interest which would have been received in respect of the Securities and/or, as the case may be, Coupons, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Security or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Security or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Security or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Security or Coupon; or
- (b) unless it is proved, in the case of Bearer Securities, to the satisfaction of the Principal Paying and Conversion Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Securities, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to a Paying Agent or the relevant tax authorities (as applicable) or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of interest or by presenting the relevant Security or Coupon at the specified office of another Paying Agent (whether within or outside the European Union); or
- (c) more than thirty days after the Relevant Date (defined below) except, in the case of Bearer Securities, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of thirty days; or
- (d) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Security or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary or a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Securities, if the full amount of the money payable has not been received by the Principal Paying and Conversion Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Securityholders in accordance with Condition 15 (*Notices*).

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

- (i) any additional amounts in respect of payments of interest which may be payable under this Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the principal amount payable on the relevant Securities on the Redemption Date (if any); and
- (iii) any premium and any other amounts which may be payable under or in respect of the relevant Securities.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986 Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

## 8. **Payments**

### (a) ***Bearer Securities***

Payments of principal and interest (if any) in respect of Bearer Securities will (subject as provided below) be made against presentation and surrender of the relevant Security or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph).

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

If the due date for payment of any amount due in respect of any Bearer Security is not both a Relevant Financial Centre Day and (unless the Securities are in global form) a Local Banking Day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3 or 4, as appropriate.

Upon the Redemption Date of any Bearer Security in definitive form, all unmatured Coupons and Talons (if any) relating to such Bearer Security in definitive form (whether or not attached) shall become void and no payment shall be made in respect of them.

Upon any Bearer Securities in definitive form becoming due and repayable, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Bearer Securities in definitive form initially delivered with Talons attached thereto, on or after the date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 12 (*Prescription*). Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Fixed Interest Payment Date, Resettable Security Interest Payment Date or Interest Payment Date (as applicable) on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the Redemption Date (if any) of any Bearer Security in definitive form is not a Fixed Interest Payment Date, a Resettable Security Interest Payment Date or an Interest Payment Date (as applicable) for the payment of a Coupon appertaining thereto, interest accrued (if any) in respect of such Security from (and including) the last preceding Fixed Interest Payment Date, Resettable Security Interest Payment Date or Interest Payment Date (as applicable) for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Security and all unmatured Coupons appertaining thereto.

(b) ***Registered Securities***

Payment of the amount due on redemption (in accordance with Condition 6 (*Redemption and Purchase*)) (the "**Redemption Amount**") in respect of Registered Securities will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Securities at the specified office of the Registrar.

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

If the due date for payments of amounts in respect of any Registered Security is not both a Relevant Financial Centre Day and (if such Security is not in global form and in relation to payments of the Redemption Amount only) a Local Banking Day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3 or 4, as appropriate.

Payment will be made in the currency in which such amount is due either by cheque posted to the Securityholder's registered address (or, in the case of joint Holders, the first-named) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency, in each case as specified in paragraph (d) below.

(c) ***Renminbi-denominated Securities - Payment of U.S. Dollar Equivalent***

This Condition 8(c) only applies to Securities in relation to which the Specified Currency of denomination and payment is Renminbi.

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Securities when due in Renminbi in Hong Kong, the Issuer may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Principal Paying and Conversion Agent and Holders in accordance with Condition 15 (*Notices*) prior to the due date for payment, settle any such payment in U.S. Dollars on the due date (or if such date is not a Relevant Business Day, on the next succeeding Relevant Business Day) at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8(c) by the Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents and all Holders.

(d) ***General Provisions***

The following provisions apply to both Bearer Securities and Registered Securities. Payments of amounts due (whether principal, interest or otherwise) in respect of Securities will be made in the currency in which such amount is due either (a) by cheque, or (b) at the option of the payee, by

transfer to an account denominated in the relevant currency specified by the payee, except where payments of amounts due (whether principal, interest or otherwise) in respect of Securities are in Renminbi, such payments will be made by credit or transfer to an account denominated in Renminbi and maintained by the payee with a bank in Hong Kong in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in Hong Kong). Payments of principal, interest and other amounts (if any) in respect of Securities are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment but without prejudice to the provisions of Condition 7 (*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal, interest and/or other sums or, as the case may be, payment of interest with respect to any Security or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer to comply with the requirements of U.S. federal income tax laws or such other laws as the Issuer may be required to comply with.

9. **Redenomination**

(a) **General**

Where redenomination is specified in the relevant Pricing Supplement as being applicable, and in respect of Securities denominated in a National Currency Unit (the "**Relevant Currency**"), the Issuer may, without the consent of the Trustee or the Securityholders, on giving at least thirty days' prior notice to the Securityholders in accordance with Condition 15, designate a Redenomination Date in respect of such Securities.

With effect from the Redenomination Date:

- (i) each Security shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into an amount of euro in the denomination of euro 0.01 with a principal amount for each Security equal to the principal amount of that Security in the Relevant Currency converted into euro at the rate for the conversion of the Relevant Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to roundings in accordance with EC regulations); **provided, however, that**, if the Issuer determines that the market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above and so certifies to the Trustee in a certificate signed by two Authorised Signatories of the Issuer, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Securityholders, each listing authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
- (ii) if Securities are in definitive form:
  - (A) all unmatured Coupons denominated in the Relevant Currency (whether or not attached to the Securities) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Securityholders that replacement Securities and Coupons denominated in euro are available for exchange (**provided that** such Securities and Coupons are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Securities denominated in the Relevant Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Securities in accordance with this Condition 9(a)(ii)) shall remain in full force and effect; and
  - (C) new Securities and Coupons denominated in euro will be issued in exchange for Securities and Coupons denominated in the Relevant Currency in such manner

as the Principal Paying and Conversion Agent may specify and as shall be notified to the Securityholders in the Euro Exchange Notice;

- (iii) all payments in respect of the Securities (other than, unless the Redenomination Date is on or after such date as the Relevant Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, as though references in the Securities to the Relevant Currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Community; and
- (iv) such other changes will be made to these Conditions as the Issuer may decide, with the prior written approval of the Trustee, to conform such Securities to conventions then applicable to securities denominated in euro. Any such other changes will not take effect until after they have been notified to the Securityholders in accordance with Condition 15 (*Notices*).

None of the Issuer, the Trustee, or any Paying Agent will be liable to any Securityholder or other person for any commission, costs, losses or expenses in relation to or resulting from any credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

(b) ***Interest***

Following redenomination of the Securities pursuant to Condition 9(a):

- (i) where Securities are in definitive form, the amount of interest due in respect of the Securities will be calculated by reference to the aggregate principal amount of the Securities presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Securities where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Securities shall be calculated on the basis of the actual number of days elapsed from (and including) the most recent Fixed Interest Payment Date (or, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**"), divided by the product of (i) the actual number of days in the Fixed Interest Period in which such Accrual Period falls and (ii) the number of Fixed Interest Periods in any year; **provided, however, that**, if the Issuer determines that the market practice in respect of internationally offered euro denominated securities is different from that specified above and so certifies to the Trustee in a certificate signed by two Authorised Signatories of the Issuer, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Securityholders, each stock exchange (if any) on which the Securities are then listed and the Paying Agents of such deemed amendment;
- (iii) in respect of Fixed Rate Securities where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Security on any Fixed Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Security, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed from (and including) the most recent Fixed Interest Payment Date (or, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**"), divided by the product of (i) the actual number of days in the Fixed Interest Period in which such Accrual Period falls and (ii) the number of Fixed Interest Periods in any year; **provided, however, that**, if the Issuer determines that the market practice in respect of such internationally offered euro denominated securities is different from that specified above and so certifies to the Trustee in a certificate signed by two Authorised Signatories of the Issuer, the above shall be deemed to be amended so as to comply with such market

practice and the Issuer shall promptly notify the Securityholders, each listing authority, stock exchange and/or quotation system (if any) by which the Securities have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment; and

- (iv) in respect of Resettable Securities and Floating Rate Securities, the Rate of Interest for each Interest Period shall be determined by the Agent Bank on the basis of provisions which it determines, in its sole and absolute discretion, reflect the market practice in respect of such internationally offered euro denominated securities.

10. **Capital Adequacy Trigger**

(a) ***Occurrence of Capital Adequacy Trigger***

Whether a Capital Adequacy Trigger has occurred at any time shall be determined by the Issuer, the Lead Regulator applicable to the Issuer or any agent of the Lead Regulator applicable to the Issuer appointed for such purpose by the Lead Regulator applicable to the Issuer. If a Capital Adequacy Trigger has occurred in respect of any Series of Securities (such Securities, the "**Affected Securities**"), the Issuer shall immediately inform the Lead Regulator applicable to the Issuer and shall, prior to giving the Capital Adequacy Trigger Notice (as defined below) in accordance with the next following paragraph, deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Capital Adequacy Trigger has occurred. The Trustee shall accept such certificate without any further enquiry as sufficient evidence of such matters, in which event such certificate will be conclusive and binding on the Trustee and the Securityholders.

Following the occurrence of a Capital Adequacy Trigger in respect of the Affected Securities, the Issuer shall give a notice of the occurrence thereof (a "**Capital Adequacy Trigger Notice**") to the Holders of the Affected Securities in accordance with Condition 15, with a copy thereof to the Trustee and the Principal Paying and Conversion Agent on or as soon as practicable after the date on which the Capital Adequacy Trigger occurs (and, in any event, within such period as the Lead Regulator applicable to the Issuer may require).

The Capital Adequacy Trigger Notice shall specify the Common Equity Tier 1 Ratio as at the relevant date on which the Capital Adequacy Trigger occurred, the Conversion Price then prevailing (which Conversion Price shall remain subject to any subsequent adjustment pursuant to Condition 10(i) (*Adjustments to Conversion Price*) up to the Conversion Date), the Conversion Date, the Notice Cut-Off Date and the Long-Stop Date and, to the extent available, details of the Settlement Shares Depository.

(b) ***Conversion upon occurrence of Capital Adequacy Trigger***

If a Capital Adequacy Trigger occurs in respect of any Series of Securities:

- (i) each Affected Security shall, subject to and as provided in this Condition 10(b), be irrevocably discharged and satisfied by its conversion into Ordinary Shares, credited as fully paid, in the manner and in the circumstances described below and the issuance and delivery of such Ordinary Shares to the Settlement Shares Depository, to be held on trust (which trust must, if Condition 10(f) (*Conversion Shares Offer*) is specified in the relevant Pricing Supplement as being applicable in respect of the Affected Securities, be on terms permitting a Conversion Shares Offer in accordance with Condition 10(f) (*Conversion Shares Offer*)) for the Securityholders, as provided below;
- (ii) such conversion shall occur without delay upon the occurrence of such Capital Adequacy Trigger and, in any event, within one month from the time it is determined that the Capital Adequacy Trigger has occurred or within such shorter period as the Lead Regulator applicable to the Issuer may require (such date on which conversion is to occur shall be specified in the Capital Adequacy Trigger Notice and is referred to in these Conditions as the "**Conversion Date**" in respect of the Affected Securities); and
- (iii) the relevant Securities will be converted in whole and not in part on the Conversion Date as provided below, at which point all of the Issuer's obligations under the Securities shall



be irrevocably discharged and satisfied by the Issuer's issuance and delivery of the relevant Ordinary Shares to the Settlement Shares Depository on the Conversion Date.

Subject to and as provided in Condition 10(f) (*Conversion Shares Offer*) (if applicable), the Settlement Shares Depository shall hold the Ordinary Shares to be issued and delivered on conversion on trust for the Holders of the Affected Securities, who shall, for so long as such Ordinary Shares are held by the Settlement Shares Depository, be entitled to direct the Settlement Shares Depository to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that such Holders of Affected Securities shall not be able to sell or otherwise transfer such Ordinary Shares unless and until such time as they have been delivered to Holders in accordance with Condition 10(k) (*Procedure for Settlement in respect of a Conversion upon Capital Adequacy Trigger*).

With effect from the occurrence of a Capital Adequacy Trigger no Holder of the Affected Securities will have any rights against the Issuer with respect to the repayment of the principal amount of such Affected Securities or the payment of interest or other amount on or in respect of such Affected Securities (other than, in the case of a winding-up of the Issuer or the appointment of an administrator, any amounts payable under Condition 2(d) (*Winding-up after a Capital Adequacy Trigger*)) and the principal amount of such Affected Securities shall equal zero at all times thereafter.

The Ordinary Shares to be issued and delivered on conversion shall (except where the Issuer has been unable to appoint a Settlement Shares Depository as contemplated in Condition 10(c) (*Failure to appoint a Settlement Shares Depository*)) initially be registered in the name of the Settlement Shares Depository, which (subject to the provisions of Condition 10(f) (*Conversion Shares Offer*), if applicable) shall hold such Ordinary Shares on trust for the Holders of the Affected Securities. By virtue of its holding of any Affected Security, each such Securityholder shall be deemed to have irrevocably directed the Issuer to issue and deliver such Ordinary Shares to the Settlement Shares Depository.

Provided that the Issuer so issues and delivers the Ordinary Shares to be issued and delivered on conversion to the Settlement Shares Depository, with effect on and from the Conversion Date Holders of the Securities shall have recourse only to the Settlement Shares Depository for the delivery to them of such Ordinary Shares or, subject to and as provided in Condition 10(f) (*Conversion Shares Offer*), if applicable, the Alternative Consideration. Subject to Condition 2(d) (*Winding-up after a Capital Adequacy Trigger*), if the Issuer fails to issue and deliver the Ordinary Shares to be issued and delivered on conversion to the Settlement Shares Depository on the Conversion Date, a Holder's only right under the Affected Securities against the Issuer for any such failure will be to claim to have such Ordinary Shares so issued and delivered.

Following the issuance and delivery of the Ordinary Shares to be delivered on conversion to the Settlement Shares Depository on the Conversion Date, the Affected Securities shall remain in existence until the applicable Settlement Date (or, if earlier, the Long-Stop Date) for the purpose only of evidencing Holders' rights as aforesaid to receive such Ordinary Shares or (if applicable) the Alternative Consideration, as the case may be, to be delivered by the Settlement Shares Depository.

Affected Securities, once converted into Ordinary Shares, may not be reconverted back into Securities.

(c) ***Failure to appoint a Settlement Shares Depository***

If the Issuer has been unable to appoint a Settlement Shares Depository, it shall make such other arrangements for the Ordinary Shares to be issued and delivered (or, if applicable, for Alternative Consideration to be delivered) upon conversion to the Securityholders as it considers reasonable in the circumstances, which may include issuing and delivering the Ordinary Shares to another independent nominee to be held on trust (which trust must, if Condition 10(f) (*Conversion Shares Offer*) is specified as being applicable in respect of any Series of Securities in the relevant Pricing Supplement, be on terms permitting a Conversion Shares Offer in accordance with Condition 10(f) (*Conversion Shares Offer*)) for the Securityholders or to the Securityholders directly, which issuance and delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under

the Securities as if the relevant Ordinary Shares had been issued and delivered to the Settlement Shares Depository and, in which case, where the context so admits, references in these Conditions to the issue and delivery of Ordinary Shares to the Settlement Shares Depository shall be construed accordingly and apply *mutatis mutandis*.

(d) ***Occurrence of a Relevant Event***

- (i) If a Qualifying Relevant Event occurs, the Affected Securities shall, if the Conversion Date (if any) falls on or after the New Conversion Effective Date, be converted on such Conversion Date into Relevant Shares of the Approved Entity (save as provided below in this Condition 10(d)(i) *mutatis mutandis* as provided in this Condition 10) at a Conversion Price that shall be the New Conversion Price. Such conversion shall be effected by the delivery by the Issuer of such number of Ordinary Shares as is determined in accordance with Condition 10(h) (*Conversion Price*) to, or to the order of, the Approved Entity. Such delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Affected Securities (but shall be without prejudice to the rights of the Trustee and the Holders of the Affected Securities against the Approved Entity in connection with its undertaking to deliver Relevant Shares as provided in the definition of "New Conversion Condition" in Condition 20 (*Definitions*) below). Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the Holders of the Affected Securities, to deliver the Relevant Shares to the Settlement Shares Depository as aforesaid. For the avoidance of doubt, the Issuer may elect that a Conversion Shares Offer be made by the Settlement Shares Depository in respect of the Relevant Shares.
- (ii) The New Conversion Price shall be subject to adjustment in the circumstances provided in this Condition 10 (with such modifications and amendments as an Independent Adviser acting in good faith may determine to be appropriate) and the Issuer shall give notice to Holders of Affected Securities of the New Conversion Price and of any such modifications and amendments in accordance with Condition 15 and to the Trustee and the Principal Paying and Conversion Agent (and thereafter any references in these Conditions to Conversion Price shall be deemed to be references to the New Conversion Price as so modified and amended).
- (iii) In the case of a Qualifying Relevant Event, the Issuer shall, on or prior to the New Conversion Effective Date, enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed, and such amendments and modifications to the Trust Deed shall be made, to ensure that, with effect from the New Conversion Effective Date, the Securities shall (following the occurrence of a Capital Adequacy Trigger) be convertible into, or exchangeable for, Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with, and subject to, this Condition 10 (as the same may be so supplemented, amended or modified) at the New Conversion Price. With effect from the New Conversion Effective Date, the Issuer shall have no further obligation to deliver or procure delivery of any Ordinary Shares or Relevant Shares, and the Approved Entity shall be obliged to deliver or procure delivery of Relevant Shares in accordance with such agreements and arrangements entered into by the Approved Entity.
- The Trustee shall be obliged (at the expense of the Issuer) to concur with the Issuer in making any such amendments and modifications to the Trust Deed, and to execute any such deeds supplemental to the Trust Deed, provided that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions, any relevant Pricing Supplement and/or the Securities.
- (iv) For the avoidance of doubt, if a Relevant Event that is a Non-Qualifying Relevant Event occurs, then no changes shall be made to these Conditions nor shall any adjustments be made to the Conversion Price pursuant to this Condition 10(d).

- (v) Within 10 London Business Days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to Securityholders (a "**Relevant Event Notice**") in accordance with Condition 15 (*Notices*). The Relevant Event Notice shall specify:
  - (1) the identity of the Acquiror;
  - (2) whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event; and
  - (3) in the case of a Qualifying Relevant Event, the New Conversion Price.

(e) **Conversion Settlement**

- (i) On the Conversion Date, the Issuer shall redeem the Affected Securities at a price equal to their principal amount and the Holders of the Affected Securities shall be deemed irrevocably to have directed and authorised the Issuer to apply such sum on their behalf in paying up the relevant Ordinary Shares to be issued and delivered to the Settlement Shares Depository on conversion of their Affected Securities.
- (ii) On the relevant Settlement Date, each Holder of Affected Securities shall receive delivery (free of payment) of:
  - (1) except where (2) below applies, such number of Ordinary Shares as is calculated in respect of the principal amount of the Affected Security held by such Holder in accordance with Condition 10(h) (*Conversion Price*); or
  - (2) if Condition 10(f) (*Conversion Shares Offer*) is specified as being applicable in respect of the relevant Series of Affected Securities in the relevant Pricing Supplement and the Issuer has delivered a Conversion Shares Offer Election Notice in accordance with Condition 10(f) (*Conversion Shares Offer*) on or prior to the Latest Conversion Shares Offer Election Date, Alternative Consideration, calculated in accordance with the definition of "Alternative Consideration" in Condition 20 (*Definitions*).
- (iii) In order to obtain delivery from the Settlement Shares Depository of Ordinary Shares or, as applicable, the relevant Alternative Consideration following a conversion, Holders of Affected Securities must deliver a Conversion Notice and surrender the relevant Affected Security to the Settlement Shares Depository (or an agent designated for the purpose in the Capital Adequacy Trigger Notice) on or before the Notice Cut-off Date in accordance with Condition 10(k) (*Procedure for Settlement in respect of a Conversion upon Capital Adequacy Trigger*).
- (iv) If a Securityholder fails to deliver such Conversion Notice and surrender the Affected Securities held by it on or before the Notice Cut-off Date, or if the Settlement Shares Depository has determined that the relevant Conversion Notice which was delivered is incomplete or invalid, then the Settlement Shares Depository shall continue to hold the relevant Ordinary Shares or the relevant Alternative Consideration, as the case may be, until a duly completed and valid Conversion Notice is so delivered and the relevant Affected Security is so surrendered.

(f) **Conversion Shares Offer**

This Condition 10(f) applies if Conversion Shares Offer is specified as being applicable in relation to any Series of Affected Securities in the relevant Pricing Supplement.

- (i) Not later than the Latest Conversion Shares Offer Election Date, the Issuer may, in its sole and absolute discretion, make an election by giving notice to the Holders of the Affected Securities in accordance with Condition 15 (a "**Conversion Shares Offer Election Notice**") that the Settlement Shares Depository (or an agent on its behalf) will make an offer of, in the Issuer's sole and absolute discretion, all or some of the Ordinary Shares to be delivered on conversion to, in the Issuer's sole and absolute discretion, all or some of the Issuer's Shareholders at such time, such offer to be at a cash price per

Ordinary Share equal to the Conversion Shares Offer Price, all in accordance with the following provisions (a "**Conversion Shares Offer**").

A Conversion Shares Offer Election Notice shall specify the period of time for which the Conversion Shares Offer will be open (the "**Conversion Shares Offer Period**"). The Conversion Shares Offer Period shall end no later than 40 London Business Days after the giving of the Conversion Shares Offer Election Notice by the Issuer.

- (ii) Upon expiry of the Conversion Shares Offer Period, the Settlement Shares Depositary will provide notice to the Holders of the Affected Securities in accordance with Condition 15 and to the Trustee and the Principal Paying and Conversion Agent of the composition of the Alternative Consideration (and of the deductions to the cash component, if any, of the Alternative Consideration (as set out in the definition of Alternative Consideration)) per Calculation Amount. The Alternative Consideration shall be held on trust by the Settlement Shares Depositary for the Holders of the Affected Securities. The cash component of any Alternative Consideration shall be payable by the Settlement Shares Depositary to the Holders of the Affected Securities in the Specified Currency and whether or not the conditions referred to in Condition 2(b) (*Subordination – Conditions to Payment*) are satisfied.
- (iii) The Issuer reserves the right, in its sole and absolute discretion, to elect that the Settlement Shares Depositary terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period. If the Issuer makes such election, it will provide at least three London Business Days' notice to the Holders of the Affected Securities in accordance with Condition 15 (*Notices*) and to the Trustee, the Principal Paying and Conversion Agent and the Settlement Shares Depositary. The Settlement Shares Depositary may then, in its sole and absolute discretion, take steps to deliver to Holders of the Affected Securities the Ordinary Shares to be delivered on conversion at a time that is earlier than the time at which they would have otherwise received the Alternative Consideration had the Conversion Shares Offer been completed.
- (iv) Each Holder of the Affected Securities acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Settlement Shares Depositary, such Holder shall be deemed to have: (A) irrevocably consented to any Conversion Shares Offer and, notwithstanding that such Ordinary Shares are held by the Settlement Shares Depositary on trust for the Holders of the Affected Securities, to the Settlement Shares Depositary using the Ordinary Shares delivered to it on conversion to settle any Conversion Shares Offer; (B) irrevocably consented to the transfer of the interest such Holder has in the Ordinary Shares delivered on conversion to the Settlement Shares Depositary to one or more purchasers identified by the Settlement Shares Depositary in connection with the Conversion Shares Offer; (C) irrevocably agreed that the Issuer and the Settlement Shares Depositary may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the Affected Securities; and (D) irrevocably agreed that none of the Issuer, the Trustee or the Settlement Shares Depositary shall, to the extent permitted by applicable law, incur any liability to the Holders of the Affected Securities in respect of the Conversion Shares Offer (except for the obligations of the Settlement Shares Depositary in respect of the Holders' entitlement to, and the subsequent delivery of, any Alternative Consideration).
- (v) Any Conversion Shares Offer shall only be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that such Conversion Shares Offer is appropriate and practicable. The Issuer or the purchasers of the Ordinary Shares pursuant to a Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Alternative Consideration), including the fees of the Settlement Shares Depositary in this connection, if any
- (vi) The Trustee shall not be responsible for monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Settlement Shares Depositary in respect

thereof. Following conversion and delivery of the Ordinary Shares to the Settlement Shares Depository, Holders of Affected Securities must look to the Settlement Shares Depository for any Ordinary Shares or Alternative Consideration due to them at the relevant time.

(g) ***Accrued Interest following Capital Adequacy Trigger***

In relation to any Affected Securities, any interest otherwise falling due on any date which falls on or after the date on which a Capital Adequacy Trigger occurs shall be deemed to have been cancelled upon the occurrence of such Capital Adequacy Trigger and shall not become due and payable.

(h) ***Conversion Price***

The Issuer shall issue and deliver to the Settlement Shares Depository on the Conversion Date a number of Ordinary Shares in respect of each Affected Security determined by dividing the principal amount of such Affected Security by the Conversion Price (as adjusted in accordance with Condition 10(i) (*Adjustments to Conversion Price*) up to and including the Conversion Date), subject to Condition 10(j) (*Rounding Down and Notice of Adjustment to the Conversion Price*) and Condition 10(l) (*Fractions*).

(i) ***Adjustments to Conversion Price***

Upon the occurrence of an applicable Adjustment Event, the Conversion Price shall be adjusted as follows:

- (i) *Adjustments upon Alteration to Nominal Value Event*: If "Alteration to Nominal Value Event" is specified as being an applicable Adjustment Event in respect of any Series of Securities in the relevant Pricing Supplement, if and whenever there is a consolidation, reclassification, redesignation or subdivision in relation to the Ordinary Shares which alters the number of Ordinary Shares in issue (such event, an "**Alteration to Nominal Value Event**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such Alteration to Nominal Value Event by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such Alteration of Nominal Value Event; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such Alteration of Nominal Value Event.

Such adjustment shall become effective on the date the Alteration to Nominal Value Event occurs.

- (ii) *Adjustments upon Bonus Issue Event*: If "Bonus Issue Event" is specified as being an applicable Adjustment Event in respect of any Series of Securities in the relevant Pricing Supplement, if and whenever the Issuer issues Ordinary Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Cash Dividend which the Shareholders would or could otherwise have elected to receive, (2) where the Shareholders may elect to receive a Cash Dividend in lieu of such Ordinary Shares or (3) where any such Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise) (such issue of Ordinary Shares a "**Bonus Issue Event**"), the Conversion Price shall be adjusted by

multiplying the Conversion Price in force immediately prior to the occurrence of a Bonus Issue Event by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such Bonus Issue Event; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such Bonus Issue Event.

Such adjustment shall become effective on the date the Bonus Issue Event occurs.

- (iii) *Adjustments upon Extraordinary Dividend Event:* If "Extraordinary Dividend Event" is specified as being an applicable Adjustment Event in respect of any Series of Securities in the relevant Pricing Supplement, if and whenever the Issuer shall pay any Extraordinary Dividend to the Shareholders (such payment an "**Extraordinary Dividend Event**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the portion of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Extraordinary Dividend. If the Extraordinary Dividend is expressed in a currency other than the Specified Currency, it shall be converted into the Specified Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

- (iv) *Adjustments upon Rights Issue Event:* If "Rights Issue Event" is specified as being an applicable Adjustment Event in respect of any Series of Securities in the relevant Pricing Supplement, if and whenever the Issuer issues Ordinary Shares to Shareholders as a class by way of rights, or the Issuer or any member of the Group or (at the direction or request or pursuant to arrangements with the Issuer or any member of the Group) any other company, person or entity issues or grants to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or grants any such rights in respect of existing securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date (such event a "**Rights Issue Event**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;

- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share on the Effective Date; and
- C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, **provided that** if, on the Effective Date, such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 10(i)(iv), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

For the purpose of any calculation of the consideration receivable or price pursuant to this Condition 10(i)(iv), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (2) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any securities shall be deemed to be the consideration or price received or receivable for any such securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (3) if the consideration or price determined pursuant to (1) or (2) above (or any component thereof) is expressed in a currency other than the Specified Currency, it shall be converted into the Specified Currency at the Prevailing Rate on the relevant Effective Date (in the case of (1) above) or the relevant date of first public announcement (in the case of (2) above);

- (4) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or securities or options, warrants or rights, or otherwise in connection therewith; and
  - (5) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.
- (v) Notwithstanding the foregoing provisions of this Condition 10(i):
- (1) where the events or circumstances giving rise to any adjustment pursuant to this Condition 10(i) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result;
  - (2) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once, (ii) to ensure that the economic effect of an Extraordinary Dividend is not taken into account more than once and (iii) to reflect a redenomination of the issued Ordinary Shares for the time being into a new currency; and
  - (3) for the avoidance of doubt, the occurrence of any other event in respect of the Ordinary Shares which is not an applicable Adjustment Event in relation to a Series of Securities or the conversion of any Series of Securities into Ordinary Shares pursuant to this Condition 10 shall not result in an adjustment of the Conversion Price.

(j) ***Rounding Down and Notice of Adjustment to the Conversion Price***

On any adjustment, if the resultant Conversion Price has more decimal places than the initial Conversion Price, it shall be rounded to the same number of decimal places as the initial Conversion Price. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Securityholders promptly after the determination thereof in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying and Conversion Agent.

The Conversion Price shall not in any event be reduced to below the nominal value of an Ordinary Share for the time being. The Issuer undertakes that it will not take any action, and will procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value.



(k) ***Procedure for Settlement in respect of a Conversion upon Capital Adequacy Trigger***

- (i) Subject as provided in Condition 10(k)(ii) below, in order to obtain delivery of the relevant Ordinary Shares or the Alternative Consideration, as applicable, following a Capital Adequacy Trigger Notice being given in accordance with Condition 10(a) (*Occurrence of a Capital Adequacy Trigger*), a Holder of Affected Securities must deliver a duly completed Conversion Notice, and surrender the relevant Affected Securities, to the Settlement Shares Depository or the specified office of its agent(s) designated for the purpose in the Capital Adequacy Trigger Notice by the Notice Cut-Off Date.

If such delivery is made or notice is given after the end of normal business hours at the specified office of the Settlement Shares Depository or, as appropriate, its designated agent as aforesaid or on a day which is not a Settlement Shares Depository Business Day, such delivery or notice shall be deemed for all purposes of these Conditions to have been made or given on the next following Settlement Shares Depository Business Day.

Subject as otherwise provided herein, the relevant Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) will be delivered by or on behalf of the Settlement Shares Depository in accordance with the instructions given in the relevant Conversion Notice.

Any cash component of any Alternative Consideration shall be paid by transfer to an account which accepts funds in the Specified Currency with a bank in such city as may be specified in, and in accordance with the instructions contained in, the relevant Conversion Notice.

- (ii) If not previously cancelled on the relevant Settlement Date, the relevant Affected Securities shall be cancelled on the Long-Stop Date and any Holder of Affected Securities delivering a Conversion Notice after the Notice Cut-Off Date will have to provide evidence of its entitlement to the relevant Ordinary Shares or the relevant Alternative Consideration, as applicable, satisfactory to the Settlement Shares Depository in its sole and absolute discretion in order to receive delivery of such Ordinary Shares or such Alternative Consideration, as applicable. The Issuer shall have no liability to any Holder of the Affected Securities for any loss resulting from such Holder not receiving any Ordinary Shares or the relevant Alternative Consideration, as applicable, or from any delay in the receipt thereof, in each case as a result of such Holder failing to submit a valid Conversion Notice and surrender the relevant Affected Security, on a timely basis or at all.
- (iii) Any determination as to whether any Conversion Notice has been properly completed and delivered and whether the relevant Affected Security has been surrendered as provided in these Conditions shall be made by the Settlement Shares Depository in its sole discretion and shall be conclusive and binding on the relevant Securityholders.

(l) ***Fractions***

Fractions of Ordinary Shares will not be delivered to the Settlement Shares Depository or to Holders of Affected Securities upon a conversion and no cash payment will be made in lieu thereof. However, if one or more Conversion Notices and Securities are delivered to the Settlement Shares Depository such that any Ordinary Shares (or any Ordinary Share component of any Alternative Consideration, as applicable) to be issued and delivered to a Holder on conversion are to be registered in the same name, the number of Ordinary Shares to be issued and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Affected Securities to be converted.

(m) ***Delivery to Settlement Shares Depository***

The Ordinary Shares to be delivered on conversion will be issued and delivered to the Settlement Shares Depository (or as otherwise provided in these Conditions) on trust which trust must, if Condition 10(f) (*Conversion Shares Offer*) is specified as being applicable in respect of any

Series of Securities, be on terms permitting a Conversion Shares Offer in accordance with Condition 10(f) (*Conversion Shares Offer*) for the Holders of the Affected Securities on the Conversion Date.

Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) will, unless otherwise specified in the relevant Pricing Supplement or in a Capital Adequacy Trigger Notice be delivered to Holders in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited known as "CREST", unless at the relevant time the Ordinary Shares are not a participating security in CREST, in which case Ordinary Shares will be delivered in certificated form. Where any Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) are to be delivered to a Holder by the Settlement Shares Depository through CREST, they will be delivered to the account specified by such Holder of in the relevant Conversion Notice, on the relevant Settlement Date. Where any Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) are to be delivered to Holders in certificated form, a certificate in respect thereof will be dispatched by mail free of charge to each Holder of Affected Securities or as such Holder may direct in the relevant Conversion Notice (in each case uninsured and at the risk of the relevant recipient) within 30 days following delivery of the relevant Conversion Notice.

The Ordinary Shares (or the Ordinary Share component of any Alternative Consideration) will not be available for issue or delivery (i) to, or to a nominee for, Euroclear or Clearstream, Luxembourg or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom or (iii) to the CREST account of such a person described in (i) or (ii).

(n) ***Decision of an Independent Adviser***

If any doubt arises as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, the Issuer may at its discretion appoint an Independent Adviser and, following consultation between the Issuer and such Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer, the Trustee and the Securityholders, save in the case of manifest error.

(o) ***Share Option Schemes, dividend Reinvestment Plans***

No adjustment will be made to the Conversion Price where Ordinary Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any company in the Group or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme.

(p) ***Taxes and Duties***

Neither the Issuer nor any member of the Group shall be liable for any taxes or duties (including, without limitation any capital, stamp, issue and registration or transfer taxes or duties) arising on conversion or that may arise or be paid as a consequence of the issue and delivery of Ordinary Shares on conversion. The Holder of any Affected Securities must pay any taxes or duties (including, without limitation, any capital, stamp, issue and registration and /or transfer taxes or duties) arising on conversion in connection with the issue and delivery of Ordinary Shares to the Settlement Shares Depository on behalf of such Holder and such Holder must pay all, if any, such taxes or duties arising by reference to any disposal or deemed disposal of such Holder's Affected Securities or interest therein. Any taxes or duties arising on delivery or transfer of Ordinary Shares to a purchaser in any Conversion Shares Offer shall be payable by the relevant purchaser of those Ordinary Shares.

(q) **Ordinary Shares**

The Ordinary Shares issued and delivered on conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that any Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

(r) **Purchase or Redemption of Ordinary Shares**

The Issuer or any company in the Group may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares or securities of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of Securityholders.

(s) **Covenants**

Whilst any Security remains outstanding, the Issuer shall (if and to the extent permitted by the Applicable Rules from time to time and only to the extent that such covenant would not cause a Capital Disqualification Event to occur), save with the approval of an Extraordinary Resolution:

- (1) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on conversion, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (2) use all reasonable endeavours to ensure that the Ordinary Shares issued upon conversion shall be admitted to listing and trading on the Relevant Exchange;
- (3) notwithstanding the provisions of Condition 10(f) (*Conversion Shares Offer*) (if applicable), at all times keep available for issue, free from pre-emptive or other preferential rights, sufficient Ordinary Shares to enable conversion of the Securities to be satisfied in full;
- (4) in circumstances when these Conditions contemplate the appointment of a Settlement Shares Depositary, the Issuer shall use all reasonable endeavours promptly to appoint such Settlement Shares Depositary; and
- (5) where these Conditions require or provide for a determination by an Independent Adviser, the Issuer shall use reasonable endeavours promptly to appoint an Independent Adviser for such purpose.

11. **Enforcement**

- (a) In the case of any Series of Securities:
- (i) if default is made for a period of fourteen days or more in the repayment of any principal due on the Securities of such Series or any of them, then the Trustee may, in order to enforce payment, at its discretion and without further notice institute proceedings for the winding-up of the Issuer in England and/or prove in any winding-up or administration of the Issuer in England, **provided that** it shall not be such a default to withhold or refuse any such payment:
    - (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or
    - (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of fourteen days, as the case may be, by independent

legal advisers acceptable to the Trustee as to such validity or applicability; and

- (ii) without prejudice to Condition 11(a)(i) above, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit and may, subject as hereinafter provided, institute proceedings for the winding-up of the Issuer in England and/or prove in any winding-up or administration of the Issuer in England, to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed in relation to such Series of Securities or the Coupons appertaining thereto (other than any obligation for the payment of any principal, interest or expenses in respect of such Securities or Coupons or any other payment obligation in respect thereof) **provided that** the Issuer shall not by virtue of the institution of any such proceedings other than proceedings for the winding-up of the Issuer be obliged to pay any sum or sums (whether in respect of principal or interest or other sums in respect of the relevant Securities or the Coupons appertaining thereto or by way of damages in respect of any breach of any such obligation, condition or provision or otherwise howsoever). The Trustee may only institute proceedings for the winding-up of the Issuer to enforce the obligations above referred to in this paragraph and/or prove in any winding-up or administration of the Issuer in England if a default by the Issuer thereunder is not remedied to the satisfaction of the Trustee within sixty days (or such longer period as the Trustee may permit) after notice of such default has been given to the Issuer by the Trustee requiring such default to be remedied.
- (b) The Trustee shall not in any event be bound to take any of the actions referred to in Condition 11(a)(i) or (ii) in respect of any Series of Securities unless (i) it shall have been so requested in writing by the Holders of at least one-fifth of the principal amount of the Securities of the relevant Series then outstanding or it shall have been so directed by an Extraordinary Resolution of the Holders of the Securities of the relevant Series and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) No remedy against the Issuer (including any right of set-off) other than as specifically provided by this Condition 11 or the Trust Deed shall be available to the Trustee, the Securityholders or Couponholders in respect of any Series of Securities whether for the recovery of amounts owing in respect of such Securities or the Coupons appertaining thereto or under the Trust Deed or in respect of any breach by the Issuer of any obligation, condition or provision under the Trust Deed or such Securities or Coupons or otherwise, and no Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to proceed in any winding-up of the Issuer in England unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure shall be continuing in which case any such Holder may itself institute proceedings for the relevant remedy and/or prove in any winding-up or administration of the Issuer in England in respect of his Securities or, as the case may be, Coupons to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

## 12. **Prescription**

Securities and Coupons will become void unless presented for payment within a period of 10 years and five years, respectively, from the Relevant Date (as defined in Condition 7) in respect thereof. Any monies paid by the Issuer to the Principal Paying and Conversion Agent or the Trustee for the payment of the principal or interest in respect of any Securities or Coupons and remaining unclaimed when such Securities or Coupons become void will then revert to the Issuer and all liability of the Principal Paying and Conversion Agent or the Trustee with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 or Condition 8 (*Payments*).

13. **Paying Agents, Transfer Agents, Agent Bank and Registrar**

The Agency Agreement contains provisions indemnifying the Principal Paying and Conversion Agent, the Paying Agents and Transfer Agents (if any), the Agent Bank and the Registrar and absolving them from responsibility in connection with certain matters.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying and Conversion Agent, any Paying Agent or Transfer Agent, the Agent Bank or the Registrar and to appoint additional or other Paying Agents and/or Transfer Agents or a substitute Agent Bank or a substitute Registrar, **provided that** it will, so long as any Securities are outstanding, maintain (i) an Agent Bank (if applicable), (ii) a Calculation Agent (if applicable), (iii) a Paying Agent having a specified office in a city approved by the Trustee (such approval not to be unreasonably withheld or delayed) in Europe which, so long as any Securities are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, shall be the place required by such listing authority, stock exchange and/or quotation system, (iv) in the case of any Registered Securities, a Registrar with a specified office in England or such city as may be specified in the relevant Pricing Supplement and (v) a Paying Agent that is not obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of all changes in the identities or specified offices of any Paying Agent, Agent Bank, Calculation Agent or Registrar will be given by the Issuer to Securityholders in accordance with Condition 15 (*Notices*).

14. **Replacement, Exchange and Transfer**

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

Subject to the Conditions as completed by the relevant Pricing Supplement and terms set out in the Agency Agreement, a Registered Security may be exchanged for a Registered Security or Securities of equal aggregate principal amount in such different authorised denominations as may be requested by the Securityholder by surrender of such Registered Security at the specified office of the Registrar, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Agency Agreement, a Registered Security may be transferred in whole or in part only (**provided that** such part is, or is an appropriate multiple of, the minimum denomination set out in the Pricing Supplement) by the Holder or Holders surrendering the Registered Security for registration of transfer at the office of the Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Security will be issued to the transferee and, in the case of a transfer of part only of a Registered Security, a new Registered Security in respect of the balance not transferred will be issued to the transferor.

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

- (i) **"Relevant Banking Day"** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located; and

- (ii) the "**Transfer Date**" shall be the Relevant Banking Day following the day on which the relevant Registered Security shall have been surrendered for transfer in accordance with the foregoing provisions.

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

The Registrar shall not be required to register the transfer or exchange of Registered Securities for a period of fifteen days preceding the due date for any payment of principal of or interest in respect of such Securities.

#### 15. **Notices**

- (a) All notices to the Holders of Securities or the Coupons appertaining thereto will be valid if published in one leading daily newspaper with general circulation in London (which is expected to be the *Financial Times*) and, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe and, if the Securities are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system by publication in a manner such that the rules of such listing authority, stock exchange and/or quotation system by which the Securities have then been admitted to listing, trading and/or quotation have been complied with. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

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

Notwithstanding the foregoing, any notices to Holders of Registered Securities will be deemed to have been validly given if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders.

Notwithstanding the foregoing, while the Securities of any Series are represented by a Security or Securities in global form and such Securities are deposited with, or with a depositary for or on behalf of, Euroclear and/or Clearstream, Luxembourg and/or any other clearing system or depositary, each person who has for the time being a particular principal amount of the Securities credited to his securities account in the records of Euroclear or Clearstream, Luxembourg or such other clearing system or depositary shall be treated as the Holder in respect of that principal amount of the Securities for all purposes other than for the purposes of payment of principal and interest on such Securities, and in such case notices to the Holders may be given by delivery of the relevant notice to the relevant clearing system or depositary and such notices shall be deemed to have been given to the Holders holding through the relevant clearing system or depositary on the date of delivery to the relevant clearing system or depositary.

- (b) Notices given by any Securityholder shall be in writing and given by lodging the same, together with the relative Security or Securities, with the Principal Paying and Conversion Agent or other Paying Agent (if any) at its specified office.

#### 16. **Modification of Terms, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of the Holders of the Securities of any Series to consider any matter affecting their interests, including, subject to the agreement of the Issuer, the modification by Extraordinary Resolution of the terms and conditions of such Securities or the provisions of the Trust Deed with respect to such Securities. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of

Securities whatever the principal amount of the Securities so held or represented except, *inter alia*, certain terms concerning the amount and currency and the postponement of the due date of payment of the Securities and the Coupons appertaining thereto or interest or other amount payable in respect thereof, the modification of which may only be effected if passed at a meeting the quorum at which is one or more persons holding or representing two thirds, or at any adjourned such meeting not less than one third, in principal amount of the Securities of such Series for the time being outstanding.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Securities for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Holders of Securities. An Extraordinary Resolution passed at any meeting of the Holders of the Securities of any Series will be binding on all Holders of Securities of that Series, whether or not they are present at the meeting, and on the Holders of Coupons appertaining to the Securities of that Series.

Subject to certain exceptions, the Trustee may agree, without the consent of the Holders of Securities of any Series or the Holders of the Coupons appertaining thereto (if any) to any modification to these Conditions or the provisions of the Trust Deed, the Agency Agreement or the Securities or Coupons if, in the opinion of the Trustee, such modification (i) is of a formal, minor or technical nature, (ii) is made to correct a manifest error or (iii) is not materially prejudicial to the interests of such Securityholders; and

The Trustee may agree, without the consent of the Holders of Securities of any Series or the Holders of the Coupons appertaining thereto (if any), waive or authorise any breach or prospective breach by the Issuer of any of the provisions of the Trust Deed or the Securities or Coupons as or determine that any Default or Potential Default (each as defined in the Trust Deed) shall not be treated as such, provided that in the opinion of the Trustee, the interests of Holders of Securities of the relevant Series will not be materially prejudiced thereby. Any such modification, waiver, authorisation or determination shall be binding on the Holders of Securities of that Series and the Holders of the Coupons appertaining thereto and, unless the Trustee agrees otherwise, shall be notified to the Holders of Securities of that Series as soon as practicable thereafter.

The Trust Deed contains provisions permitting the Trustee, without the consent of the Holders of Securities of any Series or the Holders of the Coupons appertaining thereto (if any), to agree, subject to such Securities and the Coupons appertaining thereto being irrevocably guaranteed by the Issuer on a subordinated basis, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company in place of the Issuer as principal debtor under such Securities and the Coupons appertaining thereto (if any) and the Trust Deed insofar as it relates to such Securities subject to (a) the Securities continuing to be convertible or exchangeable into Ordinary Shares *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate, (b) the Trustee being satisfied that the interests of the Holders of Securities will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

In the case of a substitution under this Condition 16, the Trustee may agree, without the consent of the Holders of the Securities of any Series or of the Coupons appertaining thereto, to a change of the law governing the Securities of any Series or the Coupons appertaining thereto and/or the Trust Deed insofar as it relates to such Series of Securities **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders of the Securities of such Series.

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to those in relation to any proposed modification, waiver, authorisation, determination or substitution as aforesaid) the Trustee shall have regard to the interests of the Holders of the Securities of the relevant Series as a class and in particular, but without limitation, shall not have

regard to the consequences of such exercise for individual Securityholders or Couponholders resulting from the individual Securityholders or Couponholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Securityholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders or Couponholders.

17. **Further Issues**

The Issuer may from time to time, without the consent of the Securityholders or the Couponholders, create and issue further instruments having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Securities. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of Securities having the benefit of the Trust Deed.

18. **Law and Jurisdiction**

The Trust Deed, the Securities and the Coupons (if any) and any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons (if any) (including any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons (if any)) are governed by, and shall be construed in accordance with, English law. The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Securities (including any non-contractual obligations arising out of or in connection with the Securities).

19. **Third Party Rights**

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

20. **Definitions**

"**Acquiror**" means the person which, following a Relevant Event, controls the Issuer;

"**Additional Tier 1 capital**" has the meaning given to it by the Lead Regulator applicable to the Issuer;

"**Adjustment Event**" means an Alteration to Nominal Value Event, Bonus Issue Event, Extraordinary Dividend Event and/or Rights Issue Event, and "applicable Adjustment Event", in respect of any Series of Securities, shall mean each Adjustment Event which is specified as being applicable in respect of such Series of Securities in the relevant Pricing Supplement;

"**Affected Security**" has the meaning given to it in Condition 10(a) (*Occurrence of Capital Adequacy Trigger*).

"**Alteration to Nominal Value Event**" has the meaning given to such term in Condition 10(i) (*Adjustments to Conversion Price*);

"**Alternative Consideration**" means, in respect of each Affected Security and as determined by the Issuer:

- (a) if all of the Ordinary Shares to be issued and delivered on conversion are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of such Ordinary Shares attributable to such Affected Security (converted, if necessary, into the Specified Currency at the Prevailing Rate as of the day which is three Settlement Shares Depositary Business Days prior to the relevant Settlement Date) as determined by the Settlement Shares Depositary, and less the *pro rata* share of any foreign exchange transaction costs and an amount equal to the *pro rata* share of any taxes or duties (including, without limitation, any capital, stamp, issue and registration and transfer taxes or duties) that may arise or be paid in connection with the issue and delivery of Ordinary Shares to the Settlement Shares Depositary pursuant to the Conversion Shares Offer;



- (b) if some, but not all of such Ordinary Shares to be issued and delivered upon conversion are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of such Ordinary Shares attributable to such Affected Security (converted, if necessary, into the Specified Currency at the Prevailing Rate as of the day which is three Settlement Shares Depository Business Days prior to the relevant Settlement Date) as determined by the Settlement Shares Depository, and less the *pro rata* share of any foreign exchange transaction costs and an amount equal to the *pro rata* share of any taxes or duties (including, without limitation, any capital, stamp, issue and registration and transfer taxes or duties) that may arise or be paid in connection with the issue and delivery of Ordinary Shares to the Settlement Shares Depository pursuant to the Conversion Shares Offer and (y) the *pro rata* share of such Ordinary Shares not sold pursuant to the Conversion Shares Offer attributable to such Affected Security rounded down to the nearest whole number of Ordinary Shares; and
- (c) if no Ordinary Shares are sold in the Conversion Shares Offer, the relevant number of Ordinary Shares which would have been received had the Issuer not elected that the Settlement Shares Depository should carry out a Conversion Shares Offer;

**"Applicable Rules"** means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy (including, without limitation, as to leverage) then in effect in the United Kingdom including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as implementing or regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines and policies relating to capital adequacy adopted by the Lead Regulator applicable to the Issuer from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer or to the Issuer and any holding or subsidiary company of it or any subsidiary of any such holding company);

**"Approved Entity"** means a body corporate which, on the occurrence of the Relevant Event, has in issue Relevant Shares;

**"Assets"** means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Auditors of the Issuer may determine;

**"Auditors"** means the auditors for the time being of the Issuer or, if there shall be joint auditors of the Issuer, any one of such joint auditors or in the event their being unable or unwilling to carry out any action requested of them pursuant to the provisions of these Conditions or the Trust Deed, or in such circumstances and for such purposes as the Trustee may approve, such other firm of accountants as may be nominated by the Issuer and approved by the Trustee or failing such nomination and/or approval within 3 working days of a request by the Trustee to the Issuer for such nomination, as may be nominated by the Trustee;

**"Authorised Signatory"** means, in relation to the Issuer, any person who is represented by it as being for the time being authorised to sign (whether alone or with another person or other persons) on behalf of and so as to bind it;

**"Benchmark"** means LIBOR, EURIBOR or CNH HIBOR as may be set out in the relevant Pricing Supplement;

**"Bonus Issue Event"** has the meaning given to it in Condition 10(i) (*Adjustments to Conversion Price*);

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Business Day Centre(s) specified for this purpose in the relevant Pricing Supplement;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have

different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

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

**"Calculation Amount"** means the calculation amount as set out in the relevant Pricing Supplement;

**"Call Option Date"** means each date, if any, specified as such in the relevant Pricing Supplement;

**"Call Option Period"** means the period, if any, specified as such in the relevant Pricing Supplement;

**"Capital Adequacy Trigger"** means at any time that the Common Equity Tier 1 Capital Ratio of the Group is below 7.00 per cent.;

**"Capital Adequacy Trigger Notice"** has the meaning given thereto in Condition 10(a) (*Occurrence of Capital Adequacy Trigger*);

**"Capital Disqualification Event"** means an event that shall be deemed to have occurred if the Issuer determines at any time after the Issue Date, that there is a change in the regulatory classification of the Securities that results in or will result in:

- (a) their exclusion in whole from the regulatory capital of the Group (other than as a consequence of their conversion pursuant to Condition 10(b) (*Conversion upon occurrence of Capital Adequacy Trigger*)); or

- (b) their reclassification in whole as a form of regulatory capital of the Group that is lower than Additional Tier 1 Capital;

**"Capital Disqualification Event Early Redemption Price"** means the amount specified as such in the relevant Pricing Supplement.

**"Cash Dividend"** means any dividend or distribution in respect of the Ordinary Shares which is to be paid or made to Shareholders as a class in cash (in whatever currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital.

**"CET1 Capital"** means, as at any date the sum, expressed in U.S. Dollars of all amounts that constitute Common Equity Tier 1 Capital of the Group as at such date, less any deductions from Common Equity Tier 1 Capital of the Group required to be made as of such date, in each case as calculated by the Issuer on a consolidated basis and without applying the transitional provisions set out in Part Ten of the CRD IV Regulation in accordance with the Applicable Rules applicable to the Issuer as at such date (which calculation shall be binding on the Trustee and the Holders);

**"Common Equity Tier 1 Capital Ratio"** means, as at any date, the ratio of the CET1 Capital as at such date to the Risk Weighted Assets as at the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without applying the transitional provisions set out in Part Ten of the CRD IV Regulation;

**"Common Equity Tier 1 Capital"** has the meaning given to it in CRD IV (as the same may be amended or replaced from time to time) as interpreted and applied in accordance with the Applicable Rules then applicable to the Group or by the Lead Regulator applicable to the Issuer;

**"Conversion Date"** has the meaning given to it in Condition 10(b) (*Conversion upon Occurrence of Capital Adequacy Trigger*);

**"Conversion Notice"** means a notice in the form for the time being currently available from the specified office of any Paying Agent and which is required to be delivered to the Settlement Shares Depository (or its agent(s) designated for the purpose in the Capital Adequacy Trigger Notice) in connection with a conversion of the Affected Securities;

**"Conversion Price"** means, in relation to any Series of Securities, the price per Ordinary Share, expressed in the Specified Currency, specified as such in the relevant Pricing Supplement;

**"Conversion Shares Offer"** has the meaning given to it in Condition 10(f) (*Conversion Shares Offer*);

**"Conversion Shares Offer Price"** means, in relation to any Series of Securities, the Conversion Price or, if a Qualifying Relevant Event has occurred, the New Conversion Price (as adjusted in accordance with Condition 10(i) (*Adjustments to Conversion Price*) up to and including the Conversion Date), converted into the Conversion Shares Offer Price Currency at the Specified FX Rate;

**"Conversion Shares Offer Price Currency"** means, in relation to any Series of Securities, the currency specified as such in the relevant Pricing Supplement;

**"Conversion Shares Offer Election Notice"** has the meaning given to it in Condition 10(f) (*Conversion Shares Offer*);

**"Conversion Shares Offer Period"** has the meaning given to it in Condition 10(f) (*Conversion Shares Offer*);

**"CNY"** means the lawful currency of the PRC;

**"CRD IV"** means the CRD IV Directive and the CRD IV Regulation;

"**CRD IV Directive**" means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended, supplemented or replaced from time to time;

"**CRD IV Regulation**" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as amended, supplemented or replaced from time to time;

"**Current Market Price**" means, in respect of an Ordinary Share on a particular date, the arithmetic average of the daily Volume Weighted Average Price per Ordinary Share for the five consecutive Exchange Business Days ending on the Exchange Business Day immediately preceding such date (the "**Relevant Period**"), provided that:

- (i) if at any time during the Relevant Period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum-any other entitlement), then:
  - (1) if the Ordinary Shares to be issued do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Share shall have been quoted cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend (or entitlement) per Ordinary Share as of the date of first public announcement relating to such dividend or entitlement and, for these purposes, the amount or value shall be determined on a gross basis disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit; or
  - (2) if the Ordinary Shares to be issued do rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been quoted ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to have been the amount thereof increased by such similar amount; and
- (ii) if on each of the five Exchange Business Days during the Relevant Period the Ordinary Shares have been quoted cum-dividend (or cum-any other entitlement) in respect of a dividend (or entitlement) which has been declared or announced but the Ordinary Shares to be issued do not rank for that dividend (or entitlement), the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend (or entitlement) per Ordinary Share as of the date of first public announcement relating to such dividend or entitlement and for these purposes, the amount or value shall be determined on a gross basis disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit;
- (iii) if such Volume Weighted Average Price of an Ordinary Share is not available on each of the five Exchange Business Days during the Relevant Period, then the arithmetic average of such Volume Weighted Average Prices which are available in the Relevant Period shall be used (subject to a minimum of two such prices); and
- (iv) if only one or no such Volume Weighted Average Price is available in the Relevant Period, then the Current Market Price shall be determined by an Independent Adviser;

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

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period

divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/365 (Sterling)**" is so specified, means the actual number of days in the Calculation Period divided by 365 or, in the case the last day of the Calculation Period falls in a leap year, 366;
- (e) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (f) if "**30/360**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

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

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

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

"**D<sub>1</sub>**" is the first calendar day of the Calculation Period, expressed as a number, unless such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (g) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

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

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

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

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (h) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

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

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

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

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

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

"**D<sub>1</sub>**" is the first calendar day of the Calculation Period, expressed as a number, of the Calculation Period unless (i) that day is the last day of February, or (ii) such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Redemption Date, or (ii) such number would be 31, in which case D2 will be 30.

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

**"Distributable Items"** means the amount of the Issuer's profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of the Securities and any Parity Securities and Junior Securities less any losses brought forward, profits which are non-distributable pursuant to the Companies Act 2006 or other provisions of English law from time to time applicable to the Issuer or the Issuer's Articles of Association and sums placed to non-distributable reserves in accordance with the Companies Act 2006 or other provisions of English law from time to time applicable to the Issuer or the Issuer's Articles of Association, those losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts;

**"EEA Regulated Market"** means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments;

**"Effective Date"** means, (1) in respect of Condition 10(i)(iii) (*Extraordinary Dividend Event*), the first date on which the Ordinary Shares are traded ex-the Extraordinary Dividend on the Relevant Exchange, and (2) in respect of Condition 10(i)(iv) (*Rights Issue Event*), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Exchange;

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

**"Euro Business Day"** means a day on which the TARGET2 is open for settlements of payments in euro;

**"Exchange Business Day"** means any day that is a trading day on the Relevant Exchange other than a day on which the Relevant Exchange is scheduled to close prior to its regular weekday closing time;

**"Existing Subordinated Eurobonds"** has the meaning given to it in the Trust Deed;

**"Extraordinary Dividend"** means any Cash Dividend that is declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to Shareholders as a class or any analogous or similar term;

**"Extraordinary Dividend Event"** has the meaning given to such term in Condition 10(i) (*Adjustments to Conversion Price*);

**"Fair Market Value"** means:

- (i) with respect to a Cash Dividend or other cash amount the amount of such cash, **provided that** any Cash Dividend or other cash amount in a currency other than the Specified Currency shall be converted into the Specified Currency at the Prevailing Rate as of the date on which the Fair Market Value is to be calculated;
- (ii) where securities, options, warrants or other rights are publicly traded in a market which is determined by the Issuer to have adequate liquidity, the fair market value (a) of such securities shall equal the arithmetic average of the daily Volume Weighted Average Prices of such securities, and (b) of such options, warrants or other rights shall be the arithmetic mean of the daily closing prices of such options, warrants or other rights, in each case during the period of five trading days on the relevant market commencing on such date (or, if later, the first such trading day such securities, options, warrants or other rights are publicly traded) or such shorter period as such securities, options, warrants or other rights are publicly traded **provided that** any amount in a currency other than the Specified Currency shall be converted into the Specified Currency at the Prevailing Rate as of the date on which the Fair Market Value is to be calculated; and
- (iii) with respect to any other property on any date, the fair market value of that property as of that date as determined in good faith by an Independent Adviser taking into account such factors as it considers appropriate;

For these purposes, the amount or value shall be determined on a gross basis disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit;

**"First Reset Period"** means the period from (and including) the First Resettable Security Reset Date until (but excluding) the Second Resettable Security Reset Date or, if no such Second Resettable Security Reset Date is specified in the relevant Pricing Supplement, the Redemption Date, if any, in respect of such Series of Securities;

**"First Reset Rate of Interest"** means, subject to Condition 3(c) (*Fallback Provision for Resettable Securities*), the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Durations specified in the relevant Pricing Supplement to a basis equivalent to the frequency with which scheduled interest payments are payable on the Securities during the relevant Reset Period (such calculation to be made by the Issuer in conjunction with a leading financial institution selected by it (which may be the Calculation Agent)), of (A) the relevant Resettable Security Reference Rate *plus* (B) the Resettable Security Margin;

**"First Resettable Security Reset Date"** means the date specified as such in the relevant Pricing Supplement;

**"Fixed Coupon Amount"** has the meaning given to it in the relevant Pricing Supplement;

**"Fixed Interest Payment Date"** means:

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

**"Fixed Interest Period"** means the period from (and including) a Fixed Interest Payment Date (as set out in the relevant Pricing Supplement) (or, in the case of the First Fixed Interest Period from (and including) the Interest Commencement Date) to (but excluding) the next succeeding Fixed Interest Payment Date;

**"Fixed Leg Swap Duration"** means the period or periods specified as such in the relevant Pricing Supplement;

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**"Group"** means the Issuer and its consolidated subsidiaries;

**"Hong Kong"** means the Hong Kong Special Administrative Region of the PRC;

**"Illiquidity"** means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result thereof, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay an amount due (in whole or in part) in respect of the Securities as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;



**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Securities in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date (or, if earlier, any CNY Issue Trade Date as specified in the relevant Pricing Supplement) and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Independent Adviser"** means an independent financial institution of international repute appointed by the Issuer at its own expense;

**"Initial Rate of Interest"** means the initial rate of interest per annum specified as such in the relevant Pricing Supplement;

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

**"Interest Determination Date"** means the day determined by the Agent Bank to be customary for fixing the Benchmark rate applicable to deposits in the relevant currency for the relevant Interest Period;

**"Interest Payment Date"** means:

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

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

**"Junior Securities"** means, in respect of any Series of Securities, (i) any Ordinary Share or other securities of the Issuer which rank, or are expressed to rank, junior to the relevant Securities in a winding-up or administration of the Issuer in England as described in Condition 2(c) (*Winding up prior to Capital Adequacy Trigger*) and/or (ii) any securities issued by any other member of the Group where the terms of such securities benefit from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, junior to the relevant Securities in a winding-up or administration of the Issuer in England as described in Condition 2(c) (*Winding up prior to Capital Adequacy Trigger*) and /or (iii) any capital instruments of the Issuer which qualify as Common Equity Tier 1 instruments under CRD IV;

**"Latest Conversion Shares Offer Election Date"**, in respect of any Series of Securities, means the 10th London Business Day following the Conversion Date, unless otherwise specified in the relevant Pricing Supplement;

**"Lead Regulator applicable to the Issuer"** means the PRA or any successor or other entity primarily responsible for the prudential supervision of the Issuer;

**"Liabilities"** means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Auditors of the Issuer may determine and for these purposes excluding (without double counting) any indebtedness which will not constitute liabilities according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of such other jurisdiction in which the Issuer may be organised) in determining whether the Issuer is

"unable to pay its debts" under Section 123(2) of the UK Insolvency Act 1986 or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organised);

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

**"London Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

**"Long-Stop Date"** means the date specified as such in the Capital Adequacy Trigger Notice, which date shall be at least 15 London Business Days following the Notice Cut-off Date;

**"Maximum Distributable Amount"** means any applicable maximum distributable amount relating to the Issuer required to be calculated in accordance with Article 141 of the CRD IV Directive (and any implementation thereof in the United Kingdom or, as the case may be, any succeeding provision amending or replacing such Article or any such implementing provision);

**"Mid-Market Swap Rate"** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the applicable Pricing Supplement (calculated on the basis of the Day Count Fraction specified in the relevant Pricing Supplement as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Resettable Security Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Pricing Supplement) (calculated on the basis of the Day Count Fraction specified in the relevant Pricing Supplement as determined by the Calculation Agent);

**"Mid-Market Swap Rate Quotation"** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**"Mid-Swap Floating Leg Benchmark Rate"** means:

- (i) where the Specified Currency is a currency other than euro or Renminbi, LIBOR;
- (ii) where the Specified Currency is euro, EURIBOR; and
- (iii) where the Specified Currency is Renminbi, CNH HIBOR.

**"Mid-Swap Rate"** means, in relation to a Reset Determination Date and subject to Condition 3(c) (*Fallback Provision for Resettable Securities*), either:

- (i) if Single Mid-Swap Rate is specified in the relevant Pricing Supplement, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Resettable Security Reset Date,

which appears on the Relevant Screen Page; or

- (ii) if Mean Mid-Swap Rate is specified in the relevant Pricing Supplement, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Resettable Security Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent **provided, however, that** if there is no such rate appearing on the Relevant Screen Page for a term equal to the relevant Reset Period, then the Mid-Swap Rate shall be determined through the use of straight-line interpolation by reference to two rates, one of which shall be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next shorter than the length of the actual Reset Period and the other of which shall be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next longer than the length of the actual Reset Period;

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

the **"New Conversion Condition"** shall be satisfied if, by not later than 7 London Business Days following the occurrence of a Relevant Event where the Acquiror is an Approved Entity, the Issuer has entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity irrevocably undertakes to the Trustee, for the benefit of Holders of Affected Securities, to deliver the Relevant Shares to the Settlement Shares Depository upon a conversion of the Securities, all as contemplated in Condition 10(d) (*Occurrence of a Relevant Event*);

**"New Conversion Effective Date"** means, in relation to any Series of Affected Securities, the date with effect from which the New Conversion Condition is satisfied;

**"New Conversion Price"** means an amount (in the Specified Currency) per Relevant Share determined by the Issuer in accordance with the following formula:

$$NCP = ECP \times \frac{RS (Average)}{OS (Average)}$$

where:

NCP means the New Conversion Price.

ECP means the Conversion Price in effect on the Exchange Business Day immediately prior to the New Conversion Condition Effective Date.

RS (Average) means the arithmetic average of the Volume Weighted Average Price per Relevant Share (converted, if necessary, into the Specified Currency at the Prevailing Rate on the relevant Exchange Business Day) on each of the 10 Exchange Business Days ending on the Exchange Business Day prior to the date the Relevant Event occurred.

OS (Average) means the arithmetic average of the Volume Weighted Average Price per Ordinary Share (converted, if necessary, into the Specified Currency at the Prevailing Rate on the relevant Exchange Business Day) on each of the 10 Exchange Business Days ending on the Exchange Business Day prior to the date the Relevant Event has occurred.

**"Non-Qualifying Relevant Event"** means a Relevant Event that is not a Qualifying Relevant Event;

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside

Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date (or, if earlier, any CNY Issue Trade Date as specified in the relevant Pricing Supplement) and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Notice Cut-Off Date"** means the date specified as such in the Conversion Trigger Notice, which date shall be at least 20 London Business Days following the Conversion Date;

**"Ordinary Shares"** means fully paid ordinary shares in the capital of HSBC Holdings plc;

**"Parity Securities"** means, in relation to any Series of Securities, (i) the most senior ranking class or classes of preference shares in the capital of the Issuer from time to time and any other securities of the Issuer ranking, or expressed to rank, *pari passu* with the relevant Securities and/or such preference shares in a winding-up or administration of the Issuer as described in Condition 2(c) (*Winding up prior to Capital Adequacy Trigger*), and/or (ii) any securities issued by any other member of the Group where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer which ranks or is expressed to rank *pari passu* with the relevant Securities and/or such preference shares in a winding-up or administration of the Issuer as described in Condition 2(c) (*Winding up prior to Capital Adequacy Trigger*);

**"Participating Member State"** means any member state of the European Union that has adopted or adopts the single currency in accordance with the Treaty;

**"Prevailing Rate"** means, in relation to any two currencies and any day:

- (a) for the purposes of the definition of Alternative Consideration, the executable bid quotation obtained by the Settlement Shares Depositary which is most favourable to the Securityholder, out of quotations obtained by it from three recognised foreign exchange dealers selected by the Settlement Shares Depositary, for value on such day; and
- (b) for all other purposes, the prevailing market currency exchange rate at the time at which such rate is determined in the relevant market for foreign exchange transactions in such currencies for value on such day, as determined by the Issuer in its sole discretion and acting in a commercially reasonable manner;

**"PRA"** means the Prudential Regulation Authority;

**"PRC"** means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

**"Prior Ranking Creditors"** means the creditors of the Issuer (a) who are unsubordinated creditors, or (b) whose claims are, or are expressed to be subordinated to the claims of unsubordinated creditors but not further or otherwise, or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of the Securityholders in a winding-up occurring prior to the Capital Adequacy Trigger and includes creditors in respect of (i) the principal and interest in respect of the Existing Subordinated Eurobonds and (ii) the principal and interest in respect of any Subordinated Notes;

**"Qualifying Relevant Event"** means a Relevant Event where (i) the Acquiror is an Approved Entity; and (ii) the New Conversion Condition is satisfied;

**"Redemption Date"** means, in respect of any Series of Securities, the date (if any) on which such Securities are redeemed in accordance with Condition 6 (*Redemption and Purchase*);

**"Redenomination Date"** means a date which:

- (i) shall be a date on which interest in respect of such Securities is payable;

- (ii) is specified by the Issuer in the notice given to the Securityholders pursuant to Condition 9(a) (*Redenomination*); and
- (iii) falls on or after such date as the country of the Relevant Currency becomes a Participating Member State;

**"Regular Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to such date and ending on the first Determination Date after such date);

**"Regulated Market"** means an EEA Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state;

**"Regulatory Preconditions"** means:

- (i) in the case of a redemption pursuant to Condition 6(b) (*Redemption for Taxation Reasons*), the Issuer has demonstrated to the satisfaction of the Lead Regulator applicable to the Issuer, that the relevant Taxation Event is a change in the applicable tax treatment of the relevant Securities which is material and was not reasonably foreseeable on the Issue Date; or
- (ii) in the case of a redemption pursuant to Condition 6(e) (*Redemption upon Capital Disqualification Event*), the Issuer has demonstrated to the satisfaction of the Lead Regulator applicable to the Issuer, that the relevant change in the regulatory classification of the relevant Securities was not reasonably foreseeable on the Issue Date;

**"Relevant Determination Date"** means the day which is two Relevant Business Days before the due date for any payment of the relevant amount under these Conditions;

**"Relevant Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City;

**"Relevant Distributions"** means, in relation to any date, the sum of (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such date on or in respect of (x) the Securities and (y) any Parity Securities and any Junior Securities and (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed to be cancelled) on such date on or in respect of (x) the Securities and (y) any Parity Securities and any Junior Securities, in each case, excluding any such payments already accounted for in determining the Distributable Items;

**"Relevant Event"** means any person or persons acting in concert (as defined in the Takeover Code of the United Kingdom Panel on Takeovers and Mergers) acquires control of the Issuer. For these purposes "control" means (a) the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the issued Ordinary Shares of the Issuer; or (b) the right to appoint and/or remove all or the majority of the members of the board of directors of the Issuer, whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise;

**"Relevant Exchange"** means, (i) in respect of the Ordinary Shares, the exchange specified as such in the relevant Pricing Supplement (the "**Specified Exchange**") or if the Ordinary Shares are no longer admitted to listing, trading and/or quotation by the Specified Exchange, the principal stock exchange or securities market by which the Ordinary Shares are then admitted to listing, trading and/or quotation, and (ii) in respect of the Relevant Shares or any securities other than the Ordinary Shares, the principal stock exchange or securities market on which the Relevant Shares or such securities, as applicable, are then admitted to listing, trading and/or quotation;

**"Relevant Financial Centre Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, (i) in the case of payments which fall to be made in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; or (ii) in the case of payments which fall to be made in euro, a Euro Business Day or, where such currency is a National Currency Unit (as defined in Condition 9 (*Redenomination*)) and the Securities have been redenominated into euro pursuant to Condition 9 (*Redenomination*), the former principal financial centre or centres) and in any other place set out in the Pricing Supplement;

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

**"Relevant Rate"** means an offered rate where the Benchmark is LIBOR, EURIBOR or CNH HIBOR;

**"Relevant Screen Page"** means the page, section or other part of a particular information service specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or other information service;

**"Relevant Shares"** means ordinary share capital of the Approved Entity that constitutes equity share capital or the equivalent (or depository or other receipts representing the same) which is listed and admitted to trading on a Regulated Market;

**"Relevant Supervisory Consent"** means, in relation to any redemption or purchase of any Securities, any required permission of the Lead Regulator applicable to the Issuer for such redemption or purchase under the prevailing Applicable Rules;

**"Renminbi"** means the lawful currency of the PRC;

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

**"Reset Determination Date"** means:

- (i) in respect of the First Reset Period, the second Business Day prior to the First Resettable Security Reset Date;
- (ii) in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Security Reset Date; and
- (iii) in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period;

**"Reset Period"** means the First Reset Period or a Subsequent Reset Period;

**"Resettable Coupon Amount"** has the meaning given in the relevant Pricing Supplement;

**"Resettable Security Interbank Rate"** means, in relation to a Reset Determination Date and subject to Condition 3(c) (*Fallback Provision for Resettable Securities*), either:

- (i) Benchmarks other than CNH HIBOR

if the Benchmark specified in the relevant Pricing Supplement is a Benchmark other than CNH HIBOR, the Relevant Rate of the Benchmark (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or the arithmetic mean rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which appear on the Relevant Screen Page as at, in the case of LIBOR, 11.00 a.m. (London time) or, in the case of EURIBOR, 11.00 a.m. (Brussels time) on such Reset Determination Date; or

(ii) CNH HIBOR

if the Benchmark specified in the relevant Pricing Supplement is CNH HIBOR, the Relevant Rate of the Benchmark or the arithmetic mean of the Relevant Rates rounded upwards, if necessary, to the nearest 0.00001 per cent. of the Relevant Rates of the Benchmark for the Relevant Period which appear on the Relevant Screen Page as at 11.15 a.m. (Hong Kong time) or, if at or around that time the Calculation Agent is notified the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on such Reset Determination Date,

in each case as determined by the Calculation Agent;

**"Resettable Security Interest Payment Date"** means:

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

**"Resettable Security Reference Rate"** means either the Mid-Swap Rate or the Resettable Security Interbank Rate, as specified in the applicable Pricing Supplement;

**"Resettable Security Margin"** means the margin specified as such in the relevant Pricing Supplement;

**"Resettable Security Reset Date"** means the First Resettable Security Reset Date, the Second Resettable Security Reset Date and every Subsequent Resettable Security Reset Date as may be specified as such in the relevant Pricing Supplement;

**"Rights Issue Event"** has the meaning given to such term in Condition 10(i) (*Adjustments to Conversion Price*);

**"Risk Weighted Assets"** means, as of any date, the aggregate amount, expressed in U.S. Dollars, of the risk weighted assets of the Group as of such date, as calculated by the Issuer on a consolidated basis and without applying the transitional provisions set out in Part Ten of the CRD IV Regulation, in accordance with the Applicable Rules applicable to the Group as of such date (which calculations shall be binding on the Trustee and the Securityholders) and where the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as calculated by the Issuer in accordance with the Applicable Rules applicable to the Group as of such date;

**"Scheme of Arrangement"** means a scheme of arrangement or analogous proceeding;

**"Second Resettable Security Reset Date"** means the date specified as such in the relevant Pricing Supplement;

**"Settlement Date"** means:

- (a) with respect to any Affected Security in relation to which a Conversion Notice is received by the Settlement Shares Depository or its designated agent on or before the Notice Cut-off Date:
  - (1) other than where (2) or (3) applies, the date that is two London Business Days after the latest of (x) the Conversion Date and (y) the date on which the relevant Conversion Notice has been received by the Settlement Shares Depository or its designated agent;
  - (2) where Condition 10(f) (*Conversion Shares Offer*) is applicable in respect of the relevant Affected Security and where the Issuer has not delivered a Conversion Shares Offer Election Notice in accordance with Condition 10(f) on or prior to the Latest Conversion Shares Offer Election Date, the date that is two London Business Days after the latest of (x) the Latest Conversion Shares Offer Election Date and (y) the date on which the relevant Conversion Notice has been received by the Settlement Shares Depository or its designated agent; or
  - (3) where Condition 10(f) (*Conversion Shares Offer*) is applicable in respect of the relevant Affected Security and where the Issuer has delivered a Conversion Shares Offer Election Notice in accordance with Condition 10(f) on or prior to the Latest Conversion Shares Offer Election Date, the date that is two London Business Days after the latest of (x) the date on which the Conversion Shares Offer Period either expires or is terminated in accordance with Condition 10(f) and (y) the date on which the relevant Conversion Notice has been received by the Settlement Shares Depository or its designated agent;
- (b) with respect to any Affected Security in relation to which a Conversion Notice is not so received by the Settlement Shares Depository or its designated agent on or before the Notice Cut-off Date, the date on which the Settlement Shares Depository delivers the relevant Ordinary Shares or the relevant Alternative Consideration, as applicable, to the relevant Securityholder;

**"Settlement Shares Depository"** means a reputable financial institution, trust company or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Shares Depository in these Conditions is required to be performed to perform such function and which will hold the Ordinary Shares (and any Alternative Consideration, if applicable) on trust for Securityholders in one or more segregated accounts, unless otherwise required to be transferred out of such accounts for the purposes of a Conversion Shares Offer (if Condition 10(f) (*Conversion Shares Offer*) is specified as being applicable in respect of such Securities in the relevant Pricing Supplement), and otherwise on terms consistent with these Conditions and any relevant Pricing Supplement;

**"Settlement Shares Depository Business Day"** means a day on which the Settlement Shares Depository is open for general business;

**"Shareholder"** means a holder of Ordinary Shares;

**"Solvent"** means, in respect of the Issuer, (a) it is able to pay its debts to its Prior Ranking Creditors as they fall due; and (b) its Assets at least equal its Liabilities;

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

**"Specified Denomination"** means the denomination specified as such in the relevant Pricing Supplement;

**"Specified FX Rate"** means the rate of exchange for converting one unit of the Specified Currency into one unit of the Conversion Shares Offer Price Currency specified as such in the relevant Pricing Supplement;

**"Specified Period"** means the period specified as such in the relevant Pricing Supplement;



**"Spot Rate"** means, on any date, the spot CNY/U.S. Dollars exchange rate for the purchase of U.S. Dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Relevant Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Relevant Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Relevant Determination Date as the most recently available CNY/U.S. Dollars official fixing rate for settlement in two Relevant Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

**"Subordinated Notes"** has the meaning given to it in the Trust Deed;

**"Subsequent Reset Period"** means the period from (and including) the Second Resettable Security Reset Date to (but excluding) the next Resettable Security Reset Date, and each successive period from (and including) a Resettable Security Reset Date to (but excluding) the next succeeding Resettable Security Reset Date;

**"Subsequent Reset Rate of Interest"** means, in respect of any Subsequent Reset Period and subject to Condition 3(c) (*Fallback Provision for Resettable Securities*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the relevant Pricing Supplement to a basis equivalent to the frequency with which scheduled interest payments are payable on the Securities during the relevant Reset Period (such calculation to be made by the Issuer in conjunction with a leading financial institution selected by it (which may be the Calculation Agent)), of (A) the relevant Resettable Security Reference Rate plus (B) the Resettable Security Margin;

**"Subsequent Resettable Security Reset Date"** means the date specified as such in the relevant Pricing Supplement;

**"Subsidiaries"** has the meaning given to such term in section 1159 of the United Kingdom Companies Act, 2006;

**"Suspension Date"** means the date specified in the Suspension Notice, which date shall be no later than 38 London Business Days after the Latest Conversion Shares Offer Election Date and, if the Issuer elects to conduct a Conversion Shares Offer, shall be at least two London Business Days prior to the end of the relevant Conversion Shares Offer Period;

**"Suspension Notice"** means a notice given by the Issuer to Holders of Affected Securities in accordance with Condition 15 (*Notices*) at any time on or after the Capital Adequacy Trigger Notice has been given and on or prior to the Latest Conversion Shares Offer Election Date, specifying the Suspension Date;

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

**"Taxation Event"** means any of the applicable events or circumstances set out in items (i) to (vii) of Condition 6(b) (*Redemption for Taxation Reasons*);

**"Tier 2 capital"** has the meaning given to it by the Lead Regulator applicable to the Issuer from time to time;

**"Treaty"** means the Treaty establishing the European Community, as amended;

**"USD", "U.S. Dollars" and "U.S.\$"** means the lawful currency of the United States of America;

**"U.S. Dollar Equivalent"** means, in relation to any Renminbi amount payable under the Securities on any date, such Renminbi amount converted into U.S. Dollars using the Spot Rate for the Relevant Determination Date; and

**"Volume Weighted Average Price"** means, in respect of an Ordinary Share, a Relevant Share or, as applicable, a security on any Exchange Business Day, the order book volume-weighted average price of such Ordinary Share, Relevant Share or security published by or derived from the principal stock exchange or securities market on which such Ordinary Share, Relevant Share or security are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Adviser on such Exchange Business Day, provided that if on any such Exchange Business Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, a Relevant Share or a security, as the case may be, in respect of such Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Exchange Business Day on which the same can be so determined or as an Independent Adviser might otherwise determine in good faith to be appropriate.

21. **Interpretation**

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such statutory modification or re-enactment.

References to "**ordinary share capital**" has the meaning provided in Section 1119 of the Income and Corporation Taxes Act 2010 and "**equity share capital**" has the meaning provided in Section 548 of the Companies Act.

References to any issue or offer or grant to Shareholders or Existing Shareholders "**as a class**" or "**by way of rights**" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any jurisdiction or requirements of any recognised regulatory body or any other stock exchange or securities market in any jurisdiction or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Adviser determines in good faith to be appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Condition 10 (*Conversion*) (i) references to the "issue" of Ordinary Shares or Ordinary Shares being "issued" shall, unless otherwise expressly specified therein, include the delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its subsidiaries, and (ii) Ordinary Shares held by or on behalf of the Issuer or any of its subsidiaries (and which, in the case of Condition 10(i)(iv), do not rank for the relevant right or other entitlement) shall not be considered as or treated as "in issue" or "issued" or entitled to receive the relevant dividend, right or other entitlement.