



BBVA Global Markets B.V.

(a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law with its seat in Amsterdam, The Netherlands but its tax residency in Spain)

€2,000,000,000 Programme for the Issue of Warrants

unconditionally and irrevocably guaranteed by

Banco Bilbao Vizcaya Argentaria, S.A.

(incorporated with limited liability in Spain)

Under this €2,000,000,000 Programme for the Issue of Warrants (the “**Programme**”), BBVA Global Markets B.V. (the “**Issuer**”) may from time to time issue warrants (the “**Warrants**”) denominated in any currency agreed with the relevant Dealer (as defined below).

This document (this “**Base Prospectus**”) constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (as defined below). The terms and conditions of the Warrants (the “**Conditions**”) will comprise the General Conditions (as defined below) and each Annex specified as applicable in the completed Final Terms (as defined below). This Base Prospectus, any supplement to this Base Prospectus (a “**Supplement to this Base Prospectus**”) and the Final Terms for a Series will comprise the “**Offering Documents**”.

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to Directive 2003/71/EC.

The satisfaction of the Issuer's economic obligations (in cash and in deliverable assets) in respect of the Warrants will be unconditionally and irrevocably guaranteed pursuant to a guarantee (the “**Guarantee**”) entered into by Banco Bilbao Vizcaya Argentaria, S.A. (“**BBVA**” or the “**Guarantor**”).

Warrants may be issued in bearer or registered form (respectively “**Bearer Warrants**” and “**Registered Warrants**”) or dematerialised uncertificated book-entry form in accordance with the Swedish Financial Instruments Accounts Act (Sw.: *Lagen (1998:1479) om kontoföring av finansiella instrument*) (“**Swedish Warrants**”) or in accordance with the Finnish Act on the Book-Entry System and Clearing Operations (749/2012, Fin.: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Finnish Act on Book-Entry Accounts (827/1991, Fin.: *Laki arvo-osuustileistä*) (“**Finnish Warrants**”).

Warrants may be issued whose return is linked to one or more indices (“**Index Linked Warrants**”), one or more shares of any company/ies (“**Equity Linked Warrants**”), one or more inflation indices (“**Inflation Linked Warrants**”), one or more foreign exchange rates (“**Foreign Exchange (FX) Rate Linked Warrants**”), one or more fund shares or units (“**Fund Linked Warrants**”) or any combination thereof (“**Combination Warrants**”). Warrants may provide that settlement will be by way of cash settlement (“**Cash Settled Warrants**”) or physical delivery (“**Physical Delivery Warrants**”) as provided in the Final Terms. If the Warrants are Swedish Warrants or Finnish Warrants, cash settlement will apply.

The Warrants can involve a high degree of risk and are intended for sale only to those purchasers capable of understanding the risk entailed in such instruments. Potential purchasers should ensure that they understand the nature of the Warrants as an investment in the light of their own circumstances and financial condition and should be prepared to sustain a total loss of the purchase price of their Warrants. Potential purchasers should conduct their own investigations and, in deciding whether or not to purchase Warrants, should form their own views of the merits of an investment related to the Warrants based upon such investigations and not in reliance upon any information given in any Offering Document. If in doubt potential purchasers are strongly recommended to consult with their financial advisers before making any investment decision. For a discussion of these risks see the “*Risk Factors*” section on pages 27 to 54 below.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

Arranger and Dealer

Banco Bilbao Vizcaya Argentaria, S.A.

The date of this Base Prospectus is 18 February 2014

The Issuer is incorporated under Dutch law and has its seat in Amsterdam, The Netherlands but its tax residency in Spain. The Guarantor is incorporated and has its tax residency in Spain. Potential purchasers should note the statements on pages 198 to 211 (inclusive) regarding the tax treatment of income obtained in respect of the Warrants

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

Application has been made:

- (a) to the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC as amended (the “**Prospectus Directive**”), including the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”), for this Base Prospectus to be approved. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to Directive 2003/71/EC. Such approval relates only to the Warrants which are to be admitted to trading on the regulated market and/or which are to be offered to the public in any Member State of the European Economic Area. (“**EEA**”); and
- (b) to the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) for the Warrants issued under the Programme during the period of twelve months after the date of this Base Prospectus to be admitted:
 - (i) to the Official List of the Irish Stock Exchange (the “**Official List**”) and
 - (ii) to trading on its regulated market (the “**Main Securities Market**”).

Application will be made to request that the Central Bank notifies the Financial Conduct Authority of the United Kingdom (“**FCA**”) in accordance with Article 18 of the Prospectus Directive.

Details of the Aggregate Number of Warrants, the issue price per Warrant and certain other information which is applicable to each Tranche of Warrant will be set out in the Final Terms which will be filed with the Central Bank and published on the website of the Irish Stock Exchange (www.ise.ie). Copies of the Final Terms will be available from the specified office set out below of the Principal Warrant Agent (as defined below).

The Issuer and the Guarantor (the “**Responsible Persons**”) accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Warrants issued under the Programme. To the best of the knowledge of the Responsible Persons (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Base Prospectus.

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

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Warrants (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or the Dealer(s) that any recipient of this Base Prospectus should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Warrants constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or the Dealer(s) to any person to subscribe for or to purchase any Warrants.

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

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF WARRANTS

Restrictions on Non-exempt offers of Warrants in Relevant Member States

Certain Tranches of Warrants with an issue price per Warrant of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **“Non-exempt Offer”**. This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Warrants. However, any person making or intending to make a Non-exempt Offer of Warrants in any Member State of the EEA which has implemented the Prospectus Directive (each, a **“Relevant Member State”**) may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under *“Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)”* and the conditions attached to that consent are complied with by the person making the Non-exempt Offer of such Warrants.

Save as provided above, none of the Issuer, the Guarantor and any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Warrants in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Non-exempt Offer of such Warrants, the Issuer and the Guarantor each accept responsibility, in the jurisdictions to which the consent to use this Base Prospectus extends, for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person who acquires any Warrants (an **“Investor”**) in a Non-exempt Offer made by any person to whom the Issuer has given consent to the use of this Base Prospectus (an **“Authorised Offeror”**) in that connection, provided that the conditions attached to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under *“Consent”* below.

None of the Issuer, the Guarantor or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or the Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, none of the Issuer, the Guarantor and the Dealer has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Warrants. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Guarantor and the Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Warrants by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Warrants, and subject to the conditions set out below under *“Conditions to Consent”*, the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Warrants during the relevant Offer Period stated in the Final Terms by the relevant Dealer and by any financial intermediary named as an **“Initial Authorised Offeror”** in the Final Terms

Conditions to Consent.

The conditions to the Issuer's consent to use this Base Prospectus in the context of the relevant Offer are that such consent:

- (i) is only valid during the Offer Period specified in Final Terms;
- (ii) only extends, as of the date of this Base Prospectus, to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Warrants in the United Kingdom and Ireland, as specified in the Final Terms; and
- (iii) is subject to any other conditions set out in Part B of the Final Terms.

At the date of this Base Prospectus, the only Relevant Member States which may, in respect of any Tranche of Warrants, be specified in the Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be the United Kingdom and Ireland, and accordingly each Tranche of Warrants may only be offered to Investors as part of a Non-exempt Offer in the United Kingdom and/or Ireland, as specified in the Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY WARRANTS IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH WARRANTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE WARRANTS CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER, THE GUARANTOR AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION DESCRIBED ABOVE.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF WARRANTS GENERALLY

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

The Warrants will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. This document does not constitute a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus as such term is defined in the Swiss Collective Investment Scheme Act ("CISA"). The Warrants do not constitute a collective investment scheme within the meaning of the CISA. Therefore, they are not subject to authorisation by

the Swiss Financial Market Supervisory Authority FINMA and potential investors do not benefit from the specific investor protection provided under the CISA.

In all cases, Warrants must not be offered, distributed or sold to Spanish Residents (as defined under “*Subscription and Sale – Spain*”, below) who are not qualified investors (see “*Subscription and Sale – Spain*”). In addition, to the extent that Condition 6(c) is specified as being applicable in the Final Terms if, according to certain criteria issued by the Spanish tax authorities, a particular warrant cannot be considered as an option for Spanish tax purposes but as a financial asset, as it is explained in Section “*Taxation. (B) Alternative Spanish Tax Treatment*”, this warrant must not be offered, distributed or sold in Spain or to Spanish Residents. Furthermore, the sale, transfer, or acquisition of such warrants to or by individuals (*personas físicas*) who are tax resident in Spain (each a “**Spanish Individual**”) is forbidden in all cases and will be considered null and void by the Issuer and the Guarantor. Accordingly, neither the Issuer nor the Guarantor will recognise any Spanish Individual as an owner of such warrant.

NEITHER THE PROGRAMME NOR THE WARRANTS HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF WARRANTS OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

None of the Issuer, the Guarantor or the Dealer(s) makes any representation to any investor in the Warrants regarding the legality of its investments under any applicable laws. Any investor in the Warrants should be able to bear the economic risk of an investment in the Warrants for an indefinite period of time.

None of the Issuers, Guarantors, Dealers or any affiliate of Banco Bilbao Vizcaya Argentaria, S.A. (“**BBVA**”) has given, and will not give, to any potential purchaser of Warrants (either directly or indirectly) any assurance, advice, recommendation or guarantee as to the merits, performance or suitability of such Warrants, and the purchaser should be aware that the Issuer is acting as an arm's-length contractual counterparty and not as an advisor or fiduciary.

This Base Prospectus contains references to credit ratings granted by Standard & Poor's Rating Services (“**S&P**”), Moody's Investors Service, Inc. (“**Moody's**”) and Fitch Ratings Ltd (“**Fitch**”). Fitch is established in the European Community and has been registered in accordance with the CRA Regulation. S&P and Moody's are not established in the European Union and are not registered in accordance with the CRA Regulation. S&P and Moody's are therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

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

All references in this document to “**EUR**”, “**euro**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. In addition “**US dollars**”, “**US\$**” and “**\$**” refer to United States dollars and all references to “**GBP**” and “**£**” refer to pounds sterling.

CONTENTS

	Page
SUMMARY	2
RISK FACTORS	27
INFORMATION INCORPORATED BY REFERENCE	55
TERMS AND CONDITIONS OF THE WARRANTS	56
ANNEX 1 Additional Terms and Conditions for Payouts	80
ANNEX 2 Additional Terms and Conditions for Index Linked Warrants	94
ANNEX 3 Additional Terms and Conditions for Equity Linked Warrants	107
ANNEX 4 Additional Terms and Conditions for Fund Linked Warrants	122
ANNEX 5 Additional Terms and Conditions for Inflation Linked Warrants	136
ANNEX 6 Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Warrants	141
FORM OF FINAL TERMS	147
USE OF PROCEEDS	172
FORMS OF WARRANTS	173
SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM	178
DESCRIPTION OF BBVA GLOBAL MARKETS B.V.	183
DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	185
TAXATION	198
SUBSCRIPTION AND SALE	212
GENERAL INFORMATION	215

SUMMARY

*Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 to E.7). This Summary contains all the Elements required to be included in a summary for the Warrants and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.*

Section A – Introduction and warnings

Element	
A.1	<p>This summary should be read as an introduction to the Base Prospectus and the Final Terms.</p> <p>Any decision to invest in any Warrants should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference, and the Final Terms.</p> <p>Where a claim relating to information contained in the Base Prospectus and the Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the Final Terms before the legal proceedings are initiated.</p> <p>No civil liability will attach to the Issuer or the Guarantor in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the Final Terms or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of the Base Prospectus and the Final Terms, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Warrants.</p>
A.2	<p>Certain Tranches of Warrants with an Issue Price per Warrant of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a “Non-exempt Offer”.</p> <p>[Issue specific summary:</p> <p><i>Consent:</i> The Issuer consents to the use of the Base Prospectus in connection with a Non-exempt Offer of Warrants by the Dealer(s)[, <i>[names of specific financial intermediaries listed in final terms,]</i> [and] [each financial intermediary whose name is published on the Issuer's website (www.bbva.com)] and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer]. <i>Offer period:</i> The Issuer's consent referred to above is given for Non-exempt Offers of Warrants during [<i>offer period for the issue to be specified here</i>] (the “Offer Period”).</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of the Base Prospectus to make Non-exempt Offers of the relevant Tranche of Warrants in [the United Kingdom and Ireland] [Specify other EEA Jurisdiction] and (c) [<i>specify any other conditions applicable to the Non-exempt Offer of the particular Tranche, as set out in the Final Terms</i>].</p> <p>AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY WARRANTS IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH WARRANTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND OTHER CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT.THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]</p>

Section B – Issuer and Guarantor

Element	Title					
B.1	Legal and commercial name of the Issuer:		BBVA Global Markets B.V.			
B.2	Domicile/ legal form/ legislation/ country of incorporation:		The Issuer is a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) and was incorporated under the laws of the Netherlands on 29th October, 2009. The Issuer's registered office is Calle Saucedo, 28, 28050 Madrid, Spain and it has its “place of effective management” and “centre of principal interests” in Spain.			
B.4b	Trend information:		Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.			
B.5	Description of the Group:		The Issuer is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated subsidiaries (the “ Group ”) is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.			
B.9	Profit forecast or estimate:		Not Applicable - No profit forecasts or estimates have been made in this Base Prospectus.			
B.10	Audit report qualifications:		Not Applicable - No qualifications are contained in any audit report included in this Base Prospectus.			
B.12	The key audited financial data for the Issuer for the last two account periods (2012 and 2011) are as follows: <i>Income Statement</i> The table below sets out summary information extracted from the Issuer's audited consolidated income statement for each of periods ended 31 December 2011 and 31 December 2012 and the Issuers unaudited consolidated income statement for the period ended 30 June 2013 and 30 June 2012.					
	Thousands of euros	Note	30.06.2013	30.06.2012(*)	31.12.2012	31.12.2011(*)
	- Other operating expenses		(2)	-	(20)	(18)
	- Interest income and similar income	9	18,881	25,117	28,210	26,488
	- Interest expense and similar expenses	11	(18,795)	(25,117)	(28,193)	(26,488)
	- Exchange rate differences		-	-	-	(2)
	Net income / (loss)				(3)	(20)
	Income/(loss) before tax		84	-	(3)	(20)
	- Income tax		(25)	-	1	10
	Income/(loss) from continued operations		59	-	(2)	(10)
	Comprehensive income/(loss)				-	-
	Total comprehensive income/(loss)		59	-	(2)	(10)

Element	Title					
	(*) Presented for comparison purposes only. The accompanying notes 1 to 18 are an integral part of these financial statements Statement of Financial Position The table below sets out summary information extracted from the Issuer's audited statement of financial position as at 31 December, 2011 and 31 December 2012 and the Issuers un-audited statement of financial position as at 30 June 2013 and 30 June 2012:					
	Thousands of euros	Note	30.06.2013	30.06.2012(*)	31.12.2012	31.12.2011(*)
	ASSETS:					
	Non-current assets					
	- Long-Term deposits due from Parent	9	219,973	286,681	168,198	253,639
	- Derivatives	10	24,419	17,086	21,139	2,210
	- Tax Group Credit		13	10	11	10
	Current assets					
	- Short-Term deposits due from Parent	9	123,879	29,600	123,834	30,055
	- Derivatives	10	50,808	7,171	50,597	7,375
	- Cash and cash equivalents	8			86	34
	- Interest receivable from Parent	9	84	34	25,906	13,653
			33,399	20,450		
	Total assets		452,575	361,032	389,771	306,976
	LIABILITIES:					
	Long-Term liabilities					
	- Long-Term debt securities issued	11	220,351	286,681	168,252	253,639
	- Derivatives	10	24,419	17,086	21,139	2,210
	Short-Term liabilities					
	- Short-Term debt securities issued	11	123,879	29,600	123,834	30,055
	- Derivatives	10	50,808	7,171	50,597	7,375
	- Interest payable to third parties	11			25,834	13,653
	- Other liabilities		32,916	20,450	17	15
	- Credit account		25	15	34	16
			54	16		
	Total liabilities		452,452	361,091	389,771	306,963
	SHAREHOLDER'S EQUITY:					
	Capital					
	Issued share capital	12	90	37	90	37
	- Accumulated deficit		(26)	(24)	(24)	(14)
	- Net Income / (loss) for the period				(2)	(10)

Element	Title					
	Total shareholder's equity		123	13	64	13
	Total liabilities and shareholder's equity		452,575	361,032	389,771	306,976
	(*) Presented for comparison purposes only.					
	The accompanying notes 1 to 18 are an integral part of these financial statements					
Statements of no significant or material adverse change						
There has been no significant change in the financial or trading position of the Issuer since 30 June 2013						
There has been no material adverse change in the prospects of the Issuer since 31st December 2012.						
B.13	Events impacting the Issuer's solvency:		Not Applicable - There are no recent events particular to the Issuer which is to a material extent relevant to the evaluation of the Issuer's solvency.			
B.14	Dependence upon other group entities:		See Element B.5 (“Description of the Group”). The Issuer is dependent upon the Guarantor to meet its payment obligations under the Warrants. Should the Guarantor fail to meet its commitment under a hedging arrangement in a timely fashion, this will have a material adverse effect on the ability of the Issuer to fulfil its obligations under Warrants issued under the Programme.			
B.15	Principal activities:		The Issuer serves as a financing company for the purposes of the Group and is regularly engaged in different financing transactions within the limits set forth in its articles of association. The Issuer's objective is, among others, to arrange medium and long term financing for the Group and cost saving by grouping these activities.			
B.16	Controlling shareholders:		The Issuer is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.			
B.18	Description of the Guarantee:		The Guarantor has unconditionally and irrevocably guaranteed the due and punctual performance by the Issuer of its obligations under the Warrants, up to a maximum aggregate amount of € 2,000,000,000 (calculated as the aggregate amount of the fully paid-up Issue Price (as specified in the Final Terms) of Warrants issued under the Programme as set out in the guarantee dated 22 December 2011 (the “Guarantee”). The obligations of the Guarantor under its guarantee will be direct, unconditional and unsecured obligations of the Guarantor and will rank <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Guarantor.			
B.19	Information about the Guarantor					
B.19 (B.1)	Legal and commercial name of the Guarantor:		The legal name of the Guarantor is Banco Bilbao Vizcaya Argentaria, S.A. It conducts its business under the commercial name “BBVA”.			
B.19 (B.2)	Domicile/ legal form/ legislation/ country of incorporation:		The Guarantor is a limited liability company (a <i>sociedad anónima</i> or S.A.) and was incorporated under the Spanish Corporations Law on 1st October, 1988. It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Paseo de la Castellana, 81, 28046, Madrid, Spain.			
B.19 (B.4(b))	Trend information:		Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Guarantor's prospects for its current financial year.			
B.19	Description of the		The Group is a highly diversified international financial group, with			

Element	Title																																										
(B.5)	Group:		strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.																																								
B.19 (B.9)	Profit forecast or estimate:		Not Applicable - No profit forecasts or estimates have been made in this Base Prospectus.																																								
B.19 (B.10)	Audit report qualifications:		Not Applicable - No qualifications are contained in any audit report included in this Base Prospectus.																																								
B.19 (B.12)	<p>Selected historical key financial information:</p> <p><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the Guarantor's audited consolidated income statement for each of the periods ended: 31 December 2013, 31 Decembre 2012 and 31 December 2011</p> <table> <tr> <th><i>Millions of euros</i></th><th>31.12.2013</th><th>31.12.2012</th><th>31.12.2011</th></tr> <tr> <td>- Net interest income</td><td>13,900</td><td>14,474</td><td>12,724</td></tr> <tr> <td>- Gross income</td><td>20,958</td><td>21,824</td><td>19,640</td></tr> <tr> <td>- Net operating income</td><td>3,941</td><td>2,950</td><td>5,508</td></tr> <tr> <td>- Operating profit before tax</td><td>1,160</td><td>1,582</td><td>3,398</td></tr> <tr> <td>Profit attributable to parent company</td><td>2,228</td><td>1,676</td><td>3,004</td></tr> </table> <p><i>Balance Sheet</i></p> <p>The table below sets out summary information extracted from the Guarantor's audited balance sheet as of: 31 December 2013, 31 Decembre 2012 and 31 December 2011</p> <table> <tr> <th><i>Millions of euros</i></th><th>31.12.2013</th><th>31.12.2012</th><th>31.12.2011</th></tr> <tr> <td>Total Assets</td><td>582,575</td><td>621,072</td><td>582,838</td></tr> <tr> <td>Customer deposits</td><td>300,490</td><td>282,795</td><td>272,402</td></tr> <tr> <td>Total equity</td><td>44,850</td><td>43,802</td><td>40,058</td></tr> </table>			<i>Millions of euros</i>	31.12.2013	31.12.2012	31.12.2011	- Net interest income	13,900	14,474	12,724	- Gross income	20,958	21,824	19,640	- Net operating income	3,941	2,950	5,508	- Operating profit before tax	1,160	1,582	3,398	Profit attributable to parent company	2,228	1,676	3,004	<i>Millions of euros</i>	31.12.2013	31.12.2012	31.12.2011	Total Assets	582,575	621,072	582,838	Customer deposits	300,490	282,795	272,402	Total equity	44,850	43,802	40,058
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	<p><i>Statements of no significant or material adverse change</i></p> <p>There has been no significant change in the financial or trading position of the Group since 31 December, 2013.</p> <p>There has been no material adverse change in the prospects of the Group since 31 December 2013.</p>																																										
B.19 (B.13)	Events impacting the Guarantor's solvency:		Not Applicable - There are no recent events particular to the Guarantor which is to a material extent relevant to an evaluation of its solvency.																																								
B.19 (B.14)	Dependence upon other Group entities:		Not Applicable – The Guarantor is not dependent on any other Group entities.																																								
B.19 (B.15)	The Guarantor's Principal activities:		The Guarantor is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has some investments in some of Spain's leading companies.																																								
B.19 (B.16)	Controlling shareholders:		Not Applicable - The Guarantor is not aware of any shareholder or group of connected shareholders who directly or indirectly control the Guarantor.																																								

Element	Title		
B.19 (B.17)	Credit ratings:		The Guarantor has been rated “BBB+” by Fitch, “Baa3” by Moody's and “BBB-” by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Section C – Securities

Element	Title		
C.1	Description of Warrants/ISIN:	<p>The Warrants to be issued under the Programme may be Index Linked Warrants, Equity Linked Warrants, Fund Linked Warrants, Inflation Linked Warrants or Foreign Exchange (FX) Linked Warrants or a combination of the foregoing.</p> <p>[Issue specific summary:</p> <p>The Warrants described in this section are derivative securities with an Issue Price per Warrant of less than €100,000 (or its equivalent in any other currency).</p> <p>Title of Warrants: [●]</p> <p>Series Number: [●]</p> <p>Tranche Number: [●]</p> <p>ISIN Code: [●]</p> <p>Common Code: [●]]</p>	
C.2	Currency:	<p>Subject to compliance with all applicable laws, regulations and directives, Warrants may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue. Payments made in respect of Warrants may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Warrants are denominated.</p> <p>[Issue specific summary:</p> <p>The Settlement Currency of this Series of Warrants is [●].]</p>	
C.5	Restrictions on transferability:	<p>There are no restrictions on the free transferability of the Warrants, subject to selling and transfer restrictions which may apply to offers, sales or transfers of the Warrants under the applicable laws in various jurisdictions. A purchaser of the Warrants is required to make certain agreements and representations as a condition to purchasing the Warrants.</p>	
C.8	Rights attached to the Warrants, including ranking and limitations on those rights:	<p><i>Status of the Warrants and the Guarantee</i></p> <p>The Warrants will constitute direct, unconditional, unsecured and unsubordinated and will rank <i>pari passu</i> among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's rights.</p> <p>The Warrants will have the benefit of an unconditional and irrevocable guarantee by the Guarantor. Such obligations of the Guarantor pursuant to the Guarantee will constitute direct, unconditional and unsecured obligations of the Guarantor and rank <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Guarantor.</p>	
C.11	Listing and admission to trading:	<p>Warrants issued under the Programme may be listed and admitted to trading on the regulated market of the Irish Stock Exchange or any other stock exchange or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the Final Terms.</p> <p>[Issue specific summary:</p> <p>Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Warrants to be admitted to trading on the regulated market of [the Irish Stock</p>	

Element	Title	
		Exchange][●].]
C.15	Description of how the value of the Warrants is affected by the value of the underlying asset:	<p>The Settlement Amount or Entitlement ([in each case,] if any) payable in respect of the Warrants [is] [are] calculated by reference to the relevant underlying set out in Element C.20 (A <i>description of the type of the underlying and where the information of the underlying can be found</i>) below.</p> <p>Please also see Element C.18 (<i>Return on derivative securities</i>)</p> <p>The Warrants are derivative securities and their value may go down as well as up.</p> <p><i>[Insert description of how the value of the Warrants is affected by the value of the relevant Reference Item(s)].</i></p>
C.16	Expiration Date of the Warrants:	<p>The Settlement Date of the Warrants is [[●]]</p> <p>[The Exercise Date(s) of the Warrants as specified below, subject to adjustment]</p> <p>[In the case of European Style Warrants insert:</p> <p>The Specified Exercise Date of the Warrants is [●]]</p> <p>[In the case of American Style Warrants insert:</p> <p>The exercise period in respect of the Warrants [is set out below, [inclusive of the dates specified]][the period from and [including][excluding] [specify], up to and [including][excluding] [specify]]]</p> <p>[In the case of Bermudan Style Warrants insert:</p> <p>[The Potential Exercise Dates are: [[●]]]</p>
C.17	Settlement procedure of the Warrants:	The Warrants will be settled by [cash payment][or][physical delivery]
C.18	Return on the Warrants:	<p><i>Final Payout Formulae</i></p> <p>Subject to any prior purchase and cancellation, each Warrant entitles its holder, upon due exercise, to receive on the Settlement Date an amount determined in accordance with the methodology set out below:</p> <p><i>[Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, e.g. completing terms and using suffixes or adding a table where appropriate].</i></p> <p>(i) “Final Payout (i) - Call”</p> $Leverage * \frac{Max [0; Settlement Value - Exercise Value]}{Parity} * RI FX Level$ <p>(ii) “Final Payout (ii) - Call Best of”</p> $Leverage * Max \left[0; \max_{k=1}^{k=n} \left[\frac{Settlement Value_k - Exercise Value_k}{Parity_k} * RI FX Level_k \right] \right]$ <p>(iii) “Final Payout (iii) - Call Worst of”</p> $Leverage * Max \left[0; \min_{k=1}^{k=n} \left[\frac{Settlement Value_k - Exercise Value_k}{Parity_k} * RI FX Level_k \right] \right]$

Element	Title
	<p>(iv) “Final Payout (iv) - Call Spread”</p> $Leverage * \frac{Max [0; Min (Settlement Value; Upper Level) - Exercise Value]}{Parity} * RI \text{ FX Level}$ <p>(v) “Final Payout (v) - Call Knock-in”</p> <p>(A) If no Knock-in Event has occurred</p> <p>Zero, or</p> <p>(B) If a Knock-in Event has occurred:</p> $Leverage * \frac{Max [0; Settlement Value - Exercise Value]}{Parity} * RI \text{ FX Level}$ <p>(vi) “Final Payout (vi) - Call spread with KO feature”</p> <p>(A) If no Knock-out Event has occurred</p> $Leverage * \frac{Min [Upper Level; Max [Lower Level; Settlement Value]]}{Parity} * RI \text{ FX Level} \text{ , OR}$ <p>(B) If a Knock-out Event has occurred:</p> $Leverage * \frac{Settlement Value}{Parity} * RI \text{ FX Level}$ <p>(vii) “Final Payout (vii) - Put”</p> $Leverage * \frac{Max [0; Exercise Value - Settlement Value]}{Parity} * RI \text{ FX Level}$ <p>(viii) “Final Payout (viii) - Put Best of”</p> $Leverage * Max \left[0; \max_{k=1}^{k=n} \left[\frac{Exercise Value_k - Settlement Value_k}{Parity_k} * RI \text{ FX Level}_k \right] \right]$ <p>(ix) “Final Payout (ix) - Put Worst of”</p> $Leverage * Max \left[0; \min_{k=1}^{k=n} \left[\frac{Exercise Value_k - Settlement Value_k}{Parity_k} * RI \text{ FX Level}_k \right] \right]$ <p>(x) “Final Payout (x) - Put Spread”</p> $Leverage * \frac{Max [0; (Min (Exercise Value - Max (Settlement Value; Lower Level)))]}{Parity} * RI \text{ FX Level}$ <p>(xi) “Final Payout (xi) - Put Knock-in”</p> <p>(A) If no Knock-in Event has occurred</p> <p>Zero, or</p>

Element	Title
	<p>(B) If a Knock-in Event has occurred:</p> $Leverage * \frac{Max [0, Exercise Value - Settlement Value]}{Parity} * RI FX Level$ <p>(xii) “Final Payout (xii) - Corridor”</p> <p>(A) If the Settlement Value is less than or equal to the Upper Level and is greater than or equal to the Lower Level:</p> $Leverage * \frac{Final Level}{Parity} * RI FX Level , \text{ or}$ <p>(B) Otherwise:</p> <p>Zero.</p> <p>(xiii) “Final Payout (xiii) - Bonus Cap”</p> <p>(A) If no Knock-out Event has occurred</p> $Leverage * \frac{Final Level}{Parity} * RI FX Level , \text{ or}$ <p>(B) If a Knock-out Event has occurred:</p> $Leverage * \frac{Min [Final Level; Settlement Value]}{Parity} * RI FX Level$ <p>(xiv) “Final Payout (xiv)”</p> <p>FS Value</p> <p>(xv) “Final Payout (xv)”</p> <p>Constant Percentage + Leverage * (FS Value - Strike Percentage)</p> <p>(xvi) “Final Payout (xvi)”</p> <p>Constant Percentage + Leverage * (Strike Percentage - FS Value)</p> <p>(xvii) “Final Payout (xvii)”</p> <p>Max [Floor Percentage; Leverage * (FS Value – Strike Percentage)] + Constant Percentage</p> <p>(xviii) “Final Payout (xviii)”</p> <p>Constant Percentage + Leverage * Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * (FS Value – Strike Percentage) + Call Spread Percentage]]</p> <p>(xix) “Final Payout (xix)”</p> <p>Constant Percentage + Leverage * Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage - Put Leverage * (FS Value – Strike</p>

Element	Title
	<p>Percentage))]</p> <p>(xx) “Final Payout (xx)”</p> <p>Call Constant Percentage + Leverage * (Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * (FS Value – Strike Percentage) + Call Strike Percentage]]) + Additional Leverage * (Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage – Put Leverage * (FS Value – Strike Percentage)])]</p> <p>(xxi) “Final Payout (xxi) - Booster”</p> <p>Constant Percentage 1 + (Constant Percentage 2 + Booster Number * Constant Percentage 3) * FS Value</p> <p>(xxii) “Final Payout (xxii) - Digital Barrier”</p> <p>(A) If Barrier Condition is satisfied in respect of a [ST Valuation Date][ST Valuation Period]:</p> <p>[Constant Percentage1][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive)</i>][no Cash Settlement Amount will be payable and Physical Delivery will apply];</p> <p>(B) Otherwise:</p> <p>[Constant Percentage 2][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)</i>][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p> <p>(xxiii) “Final Payout (xxiii) – Digital Barrier with Knock-in”</p> <p>(A) If Barrier Condition is satisfied in respect of a [ST Valuation Date][ST Valuation Period] and no Knock-in Event has occurred:</p> <p>[Constant Percentage1][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive)</i>][no Cash Settlement Amount will be payable and Physical Delivery will apply];</p> <p>(B) otherwise:</p> <p>[Constant Percentage 2][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)</i>][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p> <p>(xxiv) “Final Payout (xxiv) - Strike Podium n Barriers”</p> <p>(A) If Barrier Condition 1 is satisfied in respect of a [ST Valuation Date][ST Valuation Period]:</p> <p>[Constant Percentage 1][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive)</i>][no Cash Settlement Amount will be payable and Physical</p>

Element	Title
	<p>Delivery will apply]; or</p> <p>(B) If Barrier Condition [2] is satisfied in respect of a [ST Valuation Date][ST Valuation Period] and Barrier Condition [1] is not satisfied in respect of a [ST Valuation Date][ST Valuation Period]</p> <p>[Constant Percentage 2][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)</i>][no Cash Settlement Amount will be payable and Physical Delivery will apply]</p> <p>(C) otherwise:</p> <p>[Constant Percentage 3][<i>select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (C) may be different from the final payout formula for any of the preceding paragraphs</i>][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p> <p>[<i>The above provisions of (B) may be duplicated in case more than two Barriers apply</i>]</p> <p>(xxv) “Final Payout (xxv) - Versus Standard”</p> <p>(A) if no Knock-in Event has occurred:</p> <p>[Constant Percentage 1][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or</p> <p>(B) if a Knock-in Event has occurred:</p> <p>[Min [Constant Percentage 2; FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p> <p>(xxvi) “Final Payout (xxvi) - Versus”</p> <p>(A) if no Knock-in Event has occurred:</p> <p>[Constant Percentage 1][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or</p> <p>(B) if a Knock-in Event has occurred:</p> <p>[Max [Constant Percentage 2 + Leverage * Option; 0]][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p> <p>(xxvii) “Final Payout (xxvii) - Autocall Standard”</p> <p>(A) If Barrier Condition is satisfied in respect of a [ST Valuation Date][ST Valuation Period]:</p> <p>[100% + FS Additional Rate][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or</p> <p>(B) If Barrier Condition is not satisfied in respect of a [ST Valuation Date][ST Valuation Period] and no Knock-in Event has occurred:</p> <p>[100%+ Airbag Percentage][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or</p> <p>(C) If Barrier Condition is not satisfied in respect of a [ST Valuation Date][ST Valuation Period] and a Knock-in Event has occurred:</p> <p>[Min [Constant Percentage; FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p>

Element	Title
	<p>(xxviii) “Final Payout (xxviii) - Twin Win”</p> <p><i>[Insert the following if a cap is not applicable]</i></p> <p>(A) if a Knock-out Event has occurred:</p> <p>[Constant Percentage 1 + Max [Floor Percentage; Lever Down * FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or</p> <p>(B) if no Knock-out Event has occurred:</p> <p>[Constant Percentage 2 + Lever Up 1 * Max [Strike Percentage - FS Value; Floor Percentage 1] + Lever Up 2 * Max [FS Value - Strike Percentage 1; Floor Percentage 2]][no Cash Settlement Amount will be payable and Physical Delivery will apply]</p> <p><i>[Insert the following if a cap is applicable]</i></p> <p>(A) if a Knock-out Event has occurred:</p> <p>[Constant Percentage + Max [Floor Percentage; Lever Down * FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or</p> <p>(B) if no Knock-out Event has occurred:</p> <p>[Constant Percentage 2 + Lever Up 1 * Max [Strike Percentage - FS Value; Floor Percentage 1] + Lever Up 2 * Min [Cap Percentage; Max [FS Value - Strike Percentage 1; Floor Percentage 2]]][no Cash Settlement Amount will be payable and Physical Delivery will apply].</p> <p>(xxix) “Final Payout (xxix) - Himalaya”</p> $\text{Constant Percentage} + \text{Leverage} * \text{Max} \left[\frac{1}{\text{Total M}} * \sum_{i=1}^M \text{Max} \left[\text{BestLockValue}(i) - \left[\text{StrikePercentage}(i); \text{LocalFloorPercentage}(i) \right] \right]; 0 \right]$ <p>(xxx) “Final Payout (xxx) - Podium”</p> <p>Constant Percentage + Sum Rate(n)</p> <p><i>Automatic Early Expiration</i></p> <p>If Automatic Early Expiration is specified as applicable in the Final Terms and an Automatic Early Expiration Event occurs, then the Automatic Early Expiration Amount will be one of the following formulae as specified in the applicable Final Terms:</p> <p><i>[Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, completing terms and using suffixes where appropriate:]</i></p> <p>“Automatic Early Expiration Payout (i)”</p> $\frac{[\text{Settlement Value} - \text{Exercise Value}]}{[\text{Parity} * \text{RI FX Level}]}$ <p>“Automatic Early Expiration Payout (ii)”</p> $\frac{[\text{Exercise Value} - \text{Settlement Value}]}{[\text{Parity} * \text{RI FX Level}]}$ <p>“Automatic Early Expiration Payout (iii)” Zero.</p> <p>“Automatic Early Expiration Payout (iv)”</p>

Element	Title
	<p style="text-align: right;">Calculation Amount * (AEE Percentage + AEE Additional Rate)</p> <p><i>Entitlement Amounts for Physical Delivery Warrants</i></p> <p>Where Physical Settlement applies, the Warrants will be settled by delivery of the Entitlement which shall be calculated on the following basis:</p> <p>[Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, completing terms and using suffixes where appropriate:]</p> <p>“Entitlement Amount (i)”</p> <p>[Specify number [per Warrant] [of the] [the Reference Item][the Worst Performing Reference Item][the Best Performing Reference Item]</p> <p>“Entitlement Amount (ii)”</p> <p style="padding-left: 40px;">Calculation Amount / (Constant Percentage * Performing RI Strike Price_k * FX_k)</p> <p>The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the “Equity Element”) and in lieu thereof the Issuer will pay a residual amount (the “Residual Amount”) equal to:</p> <p style="padding-left: 40px;">(Entitlement Amount – Equity Element) * Physical Delivery Price_k * FX_k</p> <p><i>Definitions</i></p> <p>[Set out the relevant definitions from below, completing or, where not relevant, deleting the following provisions]</p> <p>“Additional Leverage” means [specify percentage].</p> <p>“AEE Additional Rate” means, in respect of a [ST AEE Valuation Date] or [ST AEE Valuation Period], [the AEE Rate][AEE Rate DCF][AEE Rate MT].</p> <p>“AEE Rate” means [specify rate].</p> <p>“AEE Rate DCF” means a percentage calculated as the product of the AEE Rate and the applicable Day Count Fraction.</p> <p>“AEE Rate MT” means the product of (a) [specify rate] and (b) the number of [ST Valuation Dates][Automatic Early Expiration Valuation Dates] from and including the Issue Date to [and including][but excluding] the [the date of the relevant Automatic Early Expiration Valuation Date].</p> <p>“AEE Percentage” means [specify percentage].</p> <p>“AEE Value” means [specify value from Payout Condition 5.2].</p> <p>“Airbag Percentage” means [specify percentage].</p> <p>“Barrier [1][2][3][4]” means [specify amount or percentage or number].</p> <p>“Barrier Percentage Strike Price” means [specify percentage].</p> <p>“Barrier Value” means, in respect of a [ST Valuation Date][ST Valuation Period][specify defined term from Payment Condition 5.2].</p> <p>“Basket” means: if the relevant Reference Items are Indices, the Basket of Indices (as defined in the Index Linked Conditions) as specified in the Final Terms; (b) if the relevant Reference Items are Shares, the Basket of Shares (as defined in the Equity Linked Conditions) as specified in the Final Terms; (c) if the relevant</p>

Element	Title
	<p>Reference Item are Inflation Indices, a basket composed of each Inflation Index specified in the Final Terms (d) if the relevant Reference Item are Fund Shares, the Fund Basket (as defined in the Fund Linked Conditions) as specified in the Final Terms; (e) if the relevant Reference Item are Subject Currencies, a basket composed of each Subject Currency specified in the Final Terms; and (f) in the case of Reference Items which are Shares, ETFs and/or Indices, where applicable, a basket of Shares, ETFs and/or Indices, as specified in the applicable Final Terms, in each case subject to Weightings.</p> <p>“Best Lock Value(i)” means, in respect of a [ST Valuation Date] [or ST Valuation Period], the highest RI Value on such [ST Valuation Date] [ST Valuation Period] of the Reference Item(s) in Himalaya Basket(i).</p> <p>“Best Performing Reference Item” means, in respect of a ST Valuation Date, the Reference Item(s) with highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date</p> <p>“Booster Level” means [specify percentage].</p> <p>“Booster Number” shall be the number of times that the Booster Condition is satisfied.</p> <p>“Booster Value” means, in respect of a ST Valuation Date or ST Valuation Period, [specify defined term from Payment Condition 5.2)].</p> <p>“Call Cap Percentage” means [specify percentage].</p> <p>“Call Constant Percentage” means [specify percentage].</p> <p>“Call Floor Percentage” means [specify percentage].</p> <p>“Call Leverage” means [specify percentage].</p> <p>“Call Spread Percentage” means [specify percentage].</p> <p>“Call Strike Percentage” means [specify percentage].</p> <p>“Cap Percentage [1][2]” means [specify percentage].</p> <p>“Constant Percentage [1][2][3][4]” means [specify percentage].</p> <p>“EDS” means $\text{Max [Floor Percentage; Min [Constant Percentage 3 - nEDS} \times \text{Loss Percentage; 0}]}$.</p> <p>“EDS Barrier Percentage” means [specify percentage].</p> <p>“Entitlement Value” means [the Reference Item][the Worst Value][the Best Value]</p> <p>“Final Level” means the number, percentage or amount specified as such in the applicable Final Terms</p> <p>“Floor Percentage [1][2]” means [specify percentage].</p> <p>“Forward” means FS Value – Strike Percentage.</p> <p>“FS Additional Rate” means [FS Rate][FS MT up Rate][FS Rate DCF][FS Rate MT].</p> <p>“FS Cap Percentage” means [specify percentage].</p> <p>“FS Constant Percentage” means [specify percentage].</p> <p>“FS Floor Percentage” means [specify percentage].</p> <p>“FS Leverage” means [specify percentage].</p> <p>“FS MT up Rate” means:</p> <p>(a) [insert if cap is applicable][Min [Max [FS Floor Percentage; FS Leverage * (FS Value - FS Strike Percentage) + FS Spread]; FS Cap Percentage] +</p>

Element	Title
	<p>FS Constant Percentage].]</p> <p>(b) <i>[insert if cap is not applicable]</i> [Max [FS Floor Percentage; FS Leverage * (FS Value - FS Strike Percentage) + FS Spread + FS Constant Percentage].]</p> <p>“FS Rate” means <i>[specify rate]</i>.</p> <p>“FS Rate DCF” means a percentage calculated as the product of the FR Rate and the applicable Day Count Fraction.</p> <p>“FS Rate MT” means the product of (a) <i>[specify rate]</i> and (b) the number of [Interest Periods][ST Valuation Dates] from and including the Issue Date to [and including][but excluding] the [Interest Period in which the relevant ST Valuation Date falls][date of the relevant ST Valuation Date].</p> <p>“FS Spread” means <i>[specify percentage]</i>.</p> <p>“FS Strike Percentage” means <i>[specify percentage]</i>.</p> <p>“FS Value” means, in respect of a [ST Valuation Date] or [ST Valuation Period], <i>[specify defined term from Payout Condition 5.2]</i>.</p> <p>“FX” is the relevant RI FX Level (i) on the relevant Valuation Date or if that is not a Business Day the immediately succeeding Business Day.</p> <p>“Himalaya Basket(i)” means, in respect of a ST Valuation Date(i), a Basket comprising each Reference Item in Himalaya Basket(i-1) but excluding the Reference Item in relation to Best Lock Value(i-1).</p> <p>“Lever Down” means <i>[specify percentage]</i>.</p> <p>“Leverage” means <i>[specify percentage]</i>.</p> <p>“Lever Up [1][2]” means <i>[specify percentage]</i>.</p> <p>“Local Cap Level” means the number or amount specified as such in the applicable Final Terms</p> <p>“Local Floor Level” means the number or amount specified as such in the applicable Final Terms</p> <p>“Local Floor Percentage” means <i>[specify percentage]</i>.</p> <p>“Loss Percentage” means <i>[specify percentage]</i>.</p> <p>“Lower Level” means the number, percentage or amount specified as such in the applicable Final Terms</p> <p>“M” means a series of ST Valuation Dates or ST Valuation Periods.</p> <p>“Max” followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets.</p> <p>“Min” followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi-colon inside those brackets.</p> <p>“nEDS” means the number of Reference Items in the Basket in respect of which the FR Value is [less than or equal to][less than] EDS Barrier Percentage.</p> <p>“Option” means [Put][Put Spread][EDS][Forward].</p> <p>“Parity” means the number specified as such in the applicable Final Terms</p> <p>“Put” means Max [Strike Percentage – FS Value; 0].</p> <p>“Put Cap Percentage” means <i>[specify percentage]</i>.</p> <p>“Put Floor Percentage” means <i>[specify percentage]</i>.</p> <p>“Put Leverage” means <i>[specify percentage]</i>.</p>

Element	Title
	<p>“Put Spread” means $\text{Min} [\text{Max} [\text{Strike Percentage} - \text{FS Value}; 0]; \text{Cap Percentage}]$.</p> <p>“Put Strike Percentage” means <i>[specify percentage]</i>.</p> <p>“Ranking” means, in respect of a ST Valuation Date, the ordinal positioning of each Reference Item by RI Value from lowest RI Value to greatest RI Value in respect of such ST Valuation Date.</p> <p>“Rate(n)” (from $n=1$ to $n=N$) means, in respect of “Final Payout (xxx) – Podium” on any ST Valuation Date, the rate specified in the Final Terms and associated with the number of Reference Items in the Basket for which the Podium Condition is satisfied on the relevant ST Valuation Date.</p> <p>“Reference Item [1][2]...[N]” the asset or reference basis specified as such in the applicable Final Terms.</p> <p>“RI Weighting” means, in respect of a Reference Item, <i>[specify number, amount or percentage]</i>.</p> <p>“Spread” means <i>[specify percentage]</i>.</p> <p>“Strike Percentage [1][2]” means <i>[specify percentage]</i>.</p> <p>“Sum Rate(n)” means the sum of the Rate(n) determined on the ST Valuation Date.</p> <p>“Total M” means <i>[specify number]</i> being the total number of [ST Valuation Dates][ST Valuation Periods] for the Warrants.</p> <p>“Upper Level” means the number, percentage or amount specified as such in the applicable Final Terms</p> <p>“Weighting” means <i>[specify in relation to each Reference Item comprising the Basket]</i>.</p> <p>“Worst Performing Reference Item” means, in respect of a ST Valuation Date, the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.</p> <p>Value Definitions</p> <p>“Average Basket Value” means, in respect of a ST Valuation Period, the arithmetic average of the Basket Values on each ST Valuation Date in such ST Valuation Period.</p> <p>“Average Best Value” means, in respect of a ST Valuation Period, the arithmetic average of the Best Values on each ST Valuation Date in such ST Valuation Period.</p> <p>“Average Rainbow Value” means, in respect of a ST Valuation Period, the arithmetic average of the Rainbow Values on each ST Valuation Date in such ST Valuation Period.</p> <p>“Average RI Value” means, in respect of a Reference Item and a ST Valuation Period, the arithmetic average of the RI Values for such Reference Item on each ST Valuation Date in such ST Valuation Period.</p> <p>“Average Worst Value” means, in respect of a ST Valuation Period, the arithmetic average of the Worst Values on each ST Valuation Date in such ST Valuation Period.</p> <p>“Barrier Initial Price” means a price equal to the product of (x) the RI Closing Value for a Reference Item on the Strike Date and (y) the Barrier Percentage Strike Price.</p> <p>“Barrier Initial Maximum Price” means a price equal to the product of (x) the</p>

Element	Title
	<p>greatest RI Closing Value for a Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.</p> <p>“Barrier Initial Minimum Price” means an amount equal to the product of (x) the lowest RI Closing Value for such Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.</p> <p>“Barrier Initial Average Price” means an amount equal to the product of (x) the arithmetic average of the RI Closing Values for a Reference Item on each Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.</p> <p>“Basket Performance” means in respect of an ST Valuation Date, the (a) Basket Value in respect of such day minus (b) 100 per cent</p> <p>“Basket Value” means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.</p> <p>“Best Intraday Value” means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the highest or equal highest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.</p> <p>“Best Value” means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.</p> <p>“Exercise Value” means, in respect of a Reference Item, the RI Initial Value.</p> <p>“FX Average Level” means the arithmetic average of the RI FX Levels for a Reference Item on each Strike Day in the Strike Period.</p> <p>“FX Closing Level” means the RI FX Level for a Reference Item on the Strike Date.</p> <p>“FX Maximum Level” means the greatest RI FX Level for a Reference Item on any Strike Day in the Strike Period.</p> <p>“FX Minimum Level” means the lowest RI FX Level for a Reference Item on any Strike Day in the Strike Period.</p> <p>“FX Value” means, in respect of a Reference Item and any day (i) the RI FX Level for such day divided by the RI FX Strike Level or (ii) the RI FX Strike Level divided by the RI FX Level for such day, as the case may be, as specified in the applicable Final Terms.</p> <p>“Highest Basket Value” means, in respect of a ST Valuation Period, the highest or equal highest Basket Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Highest Best Intraday Value” means, in respect of a ST Valuation Period, the highest or equal highest Best Intraday Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Highest Best Value” means, in respect of a ST Valuation Period, the highest or equal highest Best Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Highest Rainbow Value” means, in respect of a ST Valuation Period, the highest or equal highest Rainbow Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Highest RI Intraday Value” means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.</p> <p>“Highest RI Value” means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Value for such Reference Item on any ST</p>

Element	Title
	<p>Valuation Date in such ST Valuation Period.</p> <p>“Highest Worst Value” means, in respect of a ST Valuation Period, the highest or equal highest Worst Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Initial Average Price” means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on each Strike Day in the Strike Period.</p> <p>“Initial Closing Price” means the RI Closing Value of a Reference Item on the Strike Date.</p> <p>“Initial Maximum Price” means the highest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.</p> <p>“Initial Minimum Price” means the lowest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.</p> <p>“Intraday Level” means, in respect of an Index and subject to the Index Linked Conditions, an amount equal to the level (which shall be deemed to be an amount in the currency of the Index) of such Index as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchanges, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value].</p> <p>“Intraday Price” means, (a) in respect of a Share or a Fund Share and subject to the Equity Linked Conditions or the Fund Linked Conditions, as applicable, an amount equal to the price of such Share or Fund Share quoted on the relevant Exchange as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value] or (b) in respect of a Subject Currency and subject to the Foreign Exchange (FX) Rate Linked Conditions, the spot rate of exchange appearing on the Relevant Screen Page as determined by the Calculation Agent at any relevant time on the relevant ST Valuation Date.</p> <p>“Lowest Basket Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Basket Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Lowest Best Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Best Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Lowest Rainbow Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Rainbow Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Lowest RI Intraday Value” means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.</p> <p>“Lowest RI Value” means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Value for such Reference Item for all the ST Valuation Dates in such ST Valuation Period.</p> <p>“Lowest Worst Intraday Value” means, in respect of a ST Valuation Period, the lowest Worst Intraday Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Lowest Worst Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Worst Value on any ST Valuation Date in such ST Valuation Period.</p> <p>“Performance” means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Value for such Reference Item in respect of such day minus (b) 100 per cent. [, and multiplied by the (c) the FX Value].</p>

Element	Title
	<p>“Performing RI Strike Price” means, in respect of a ST Valuation Date, the RI Initial Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.</p> <p>“Physical Delivery Price” means, in respect of a ST Valuation Date, the RI Closing Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.</p> <p>“Rainbow Value” means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the Ranked Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.</p> <p>“Ranked Value” means, in respect of a ST Valuation Date, the RI Value in respect of the Reference Item with the [first][second][<i>specify</i>] Ranking in respect of such ST Valuation Date.</p> <p>“RI Composite Value” means, in respect of a Reference Item and a ST Valuation Date, the [highest or equal highest of][lowest or equal lowest of][arithmetic average of] the RI Average Values in respect of such ST Valuation Date.</p> <p>“Restrike Performance” means, in respect of a Reference Item and a ST Valuation Date (a) (i) the RI Closing Value for such Reference Item in respect of such day divided by (ii) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date (b) minus 100 per cent [, and multiplied by the (c) the FX Value]</p> <p>“RI Average Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] the arithmetic average of the RI Closing Value for such Reference Item in respect of each [set of] Averaging Date[s] specified in relation to such ST Valuation Date, [multiplied by (b) the FX Value].</p> <p>“RI Closing Value” means, in respect of a Reference Item and a ST Valuation Date:</p> <ul style="list-style-type: none"> (a) if the relevant Reference Item is an Index, the Settlement Price (as defined in the Index Linked Conditions); (b) if the relevant Reference Item is a Share, the Settlement Price (as defined in the Equity Linked Conditions); (c) if the relevant Reference Item is an Inflation Index, the Relevant Level (as defined in the Inflation Linked Conditions); (d) if the relevant Reference Item is a Exchange Traded Fund Share, the Settlement Price (as defined in the Fund linked Conditions); (e) if the relevant Reference Item is a Fund, the NAV per Fund Share (as defined in the Fund Linked Conditions); (f) if the relevant Reference Item is a Subject Currency, the Settlement Price (as defined in the Foreign Exchange (FX) Rate Linked Conditions); <p>in each case on such ST Valuation Date.</p> <p>“RI FX Level” means, for the purpose of converting an amount in respect of a Reference Item into the Specified Warrants Currency on any day (i) the rate at which the Calculation Agent determines the relevant Reference Item amount could be converted into the Specified Warrants Currency (expressed as the Calculation Agent determines appropriate) at or about the time and by reference to such source(s) as the Calculation Agent deems appropriate or (ii) the FX Value, as the case may be, as specified in the applicable Final Terms..</p> <p>“RI FX Strike Level” means, in respect of a Reference Item, [<i>specify rate</i>][FX Closing Level][FX Maximum Level][FX Minimum Level][FX Average Level].</p>

Element	Title
	<p>“RI Initial Value” means, in respect of a Reference Item, [<i>specify price</i>] [Exercise Price] [Initial Closing Price] [Initial Maximum Price] [Initial Minimum Price][Initial Average Price] [Barrier Initial Price] [Barrier Initial Maximum Price] [Barrier Initial Minimum Price] [Barrier Initial Average Price].</p> <p>“RI Intraday Level” means:</p> <ul style="list-style-type: none"> (a) if the relevant Reference Item is an Index, the Intraday Level; or (b) if the relevant Reference Item is a Share or a Fund Share, the Intraday Price. (c) If the relevant Reference Item is a Subject Currency, the Intraday Price <p>“RI Intraday Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Intraday Level for such Reference Item in respect of such ST Valuation Date (ii) divided by the relevant RI Initial Value [multiplied by (b) FX Value].</p> <p>“RI Inverse Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Initial Value divided by (ii) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date [multiplied by (b) the FX Value].</p> <p>“RI Restrike Value” means, in respect of a Reference Item and a ST Valuation Date (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date divided by (b) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date.</p> <p>“RI Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date, divided by (ii) the relevant RI Initial Value [multiplied by (b) the FX Value].</p> <p>“Settlement Value” means, in respect of a Reference Item, [<i>specify price</i>] [Final Closing Price] [Final Maximum Price] [Final Minimum Price] [Final Limited Average Price] [Final Average Price]</p> <ul style="list-style-type: none"> (a) “Final Closing Price” means the RI Closing Value of a Reference Item on the ST Valuation Date. (b) “Final Maximum Price” means the highest RI Closing Value for a Reference Item on any Observation Date in the Observation Period. (c) “Final Minimum Price” means the lowest RI Closing Value for a Reference Item on any Observation Date in the Observation Period. (d) “Final Average Price” means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on any Observation Date in the Observation Period. (e) “Final Average Limited Price” means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item with a maximum of a Local Cap Level if specified in the applicable Final Terms and a minimum of a Local Floor Level if specified in the applicable Final Terms on each Observation Date in the Observation Period. <p>“Worst Intraday Value” means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the lowest or equal lowest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.</p> <p>“Worst Value” means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the lowest or equal lowest RI Value for any Reference</p>

Element	Title
	<p>Item in the Basket in respect of such ST Valuation Date.</p> <p>Dates and Periods</p> <p>Payments under the Warrants (if any) may be associated with ST Valuation Dates and/or ST Valuation Periods, as the case may be, as specified in the Final Terms. For the avoidance of doubt, several set of dates may be used for the determination and calculation of a particular payout.</p> <p>“ST Valuation Date” means each [Strike Date][Exercise Date][Automatic Exercise Date][Specified Exercise Date][Potential Exercise Date][Final Potential Exercise Date][Expiration Date][Automatic Early Expiration Valuation Date][Averaging Date][Valuation Date][Settlement Price Date] [Observation Date] [Determination Date] [Knock-in Determination Date][Knock-out Determination Day]</p> <p>“ST Valuation Period” means each [Automatic Early Expiration Valuation Period] [Knock-in Determination Period][Knock-out Determination Period][Valuation Period][Exercise Period][Observation Period][Strike Period].</p> <p>Conditional Conditions</p> <p><i>[If one or more conditions defined below are applicable for the determination and calculation of a payout formula(e), the definition shall be inserted, completed and adjusted in the Final Terms in order to take into account any value definitions in Payout Condition 5.2, relevant Date(s) and or Periods, and/or other Variable Data.]</i></p> <p>“Barrier Condition” means, in respect of a [ST Valuation Date][ST Valuation Period], that the Barrier Value [on such ST Valuation Date][in respect of ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Barrier.</p> <p>“Barrier Condition 1” means, in respect of a [ST Valuation Date][ST Valuation Period], that the Barrier Value [on such ST Valuation Dates] [in respect of such ST Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Barrier 1.</p> <p>“Barrier Condition 2” means, in respect of a [ST Valuation Date] [ST Valuation Period] that the Barrier Value on such [ST Valuation Date] [in respect of such ST Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Barrier [1][, but is [greater than][less than][equal to or greater than][less than or equal to] Barrier 2.]</p> <p>“Booster Condition” shall be satisfied if, in respect of a [ST Valuation Date][ST Valuation Period], the Booster Value [on such ST Valuation Date][in respect of such ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Booster Level.</p> <p>“Podium Condition” shall be satisfied if, in respect of a Reference Item and a ST Valuation Date, the Barrier Value for such Reference Item on such ST Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Barrier.</p> <p>[Replicate and complete the above paragraph k times]</p> <p>Enumeration Convention</p> <p>Without prejudice to any other provision of the Payout Conditions and as a general rule the following suffixes in relation to the payout terms will be used. Other suffix terms may be selected and may be included in the Final Terms with other definitions or provisions from the Payout Conditions:</p> <p>“i” [from i = [specify] to i = [specify]] or “m” [from m = [specify] to m = [specify]] in relation to the relevant ST Valuation Date or ST Valuation Period.</p>

Element	Title	
		<p>“j” [from j = [specify] to j = [specify] means the relevant Strike Date.</p> <p>“k” [from k = [specify] to k = [specify]] means the relevant Reference Item.</p> <p>“q” [from q = [specify] to q = [specify] or “t” [from t = [specify] to t = [specify] means the relevant Observation Date or ST Valuation Date.</p> <p>Any of these suffixes will be inserted, completed and explained, if necessary, in the Final Terms and a table for a better understanding may be included, especially in case two or more suffixed apply.</p>
C.19	Exercise price/final reference price of the underlying:	The [exercise][reference][settlement][specify][price][level] of the underlying described in Element C.20 (<i>A description of the type of the underlying and where the information of the underlying can be found</i>) below shall be determined on the date(s) for valuation specified in Element C.18 (<i>Return on Derivative Securities</i>) above subject to adjustment including that such final valuation may occur earlier in some cases.]
C.20	A description of the type of the underlying and where the information of the underlying can be found:	<p>The underlying may be an index or basket of indices, a share or basket of shares, a depositary receipt or a basket of depositary receipts, a fund share or a basket of fund shares, an inflation index or basket of inflation indices, a foreign exchange rate (FX) rate or a basket of foreign exchange rates or any combination thereof.</p> <p>[List Reference Item(s) in each case followed by: See [Bloomberg][Reuters] Screen [specify page]] [specify].]</p>

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer and the Guarantor:	<p>In purchasing Warrants, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Warrants. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Warrants. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control.</p> <p>The Issuer and the Guarantor have identified a number of factors which could materially adversely affect their businesses and ability to make payments due under the Warrants. These factors include:</p> <p>Risk Factors relating to the Issuer</p> <p>Issuer's dependence on the Guarantor to make payments on the Warrants.</p> <p>Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee</p> <ul style="list-style-type: none"> • The Guarantor is subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition. • Capital requirements. • Tax treatment of deferred tax assets following CRD IV • Contributions for assisting in the restructuring of the Spanish banking sector. • Steps taken towards achieving an EU fiscal and banking union. • Regulatory reforms initiated in the United States.

Element	Title	
		<ul style="list-style-type: none"> • Taxation of the financial sector • Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms or cause the Group to take other actions. • The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions. • The Group faces increasing competition in its business lines. • The Group's business is particularly vulnerable to volatility in interest rates. • The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets. <p>Risks Relating to Spain and Europe</p> <ul style="list-style-type: none"> • Economic tensions in the European Union and Spain, including as a result of the European sovereign debt crisis, could have a material adverse effect on the Group's business, financial condition and results of operations. • The Guarantor is dependent on its credit ratings and any reduction in its or the Kingdom of Spain's credit ratings could materially and adversely affect the Group's business, financial condition and results of operations. • Since the Guarantor's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition. • Exposure to the Spanish real estate market makes the Group vulnerable to developments in this market. • Highly-indebted households and corporations could endanger the Group's asset quality and future revenues. <p>Risks Relating to Latin America</p> <ul style="list-style-type: none"> • Events in Mexico could adversely affect the Group's operations. • The Guarantor's Latin American subsidiaries' growth, asset quality and profitability may be affected by volatile macroeconomic conditions, including significant inflation and government default on public debt, in the Latin American countries where they operate. • Latin American economies can be directly and negatively affected by adverse developments in other countries. • The Group is exposed to foreign exchange and, in some instances, political risks as well as other risks in the Latin American countries in which it operates, which could cause an adverse impact on its business, financial condition and results of operations. • Regulatory changes in Latin America that are beyond the Group's control may have a material effect on its business, financial condition, results of operations and cash flows. <p>Risks Relating to the United States</p> <ul style="list-style-type: none"> • Adverse economic conditions in the United States may have a material effect on the Group's business, financial condition, results of operations and cash flows. <p>Risks Relating to Other Countries</p> <ul style="list-style-type: none"> • The Group's strategic growth in Asia exposes it to increased regulatory,

Element	Title	
		<p>economic and geopolitical risk relating to emerging markets in the region, particularly in China.</p> <ul style="list-style-type: none"> • Since Garanti operates primarily in Turkey, economic, political and other developments in Turkey may have a material adverse effect on Garanti's business, financial condition and results of operations and the value of the Guarantor's investment in Garanti. • The Guarantor has entered into a shareholders' agreement with Doğu Holding A.Ş. in connection with the Garanti acquisition. <p>Other Risks</p> <ul style="list-style-type: none"> • Weaknesses or failures in the Group's internal processes, systems and security could materially adversely affect its results of operations, financial condition or prospects, and could result in reputational damage. • Compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort. • A further reduction in expansive monetary policies (“tapering”) could increase exchange rate volatility
D.6	Risk warning:	Investors may lose the entire value of their investment or part of it in the event of the insolvency of the Issuer or if it is otherwise unable or unwilling to settle the Warrants when settlement falls due [or as a result of the performance of the relevant Reference Item(s)]

Section E – Offer

Element	Title	
E.2b	Use of proceeds:	The net proceeds from each issue will be used for loans and/or investments extended to, or made in, other companies and entities belonging to the Group (for this purpose, as defined in section 3.2 of the FMSA).
E.3	Terms and conditions of the offer:	<p>If so specified in the Final Terms, the Warrants may be offered to the public in a Non-exempt Offer in one or more specified public offer jurisdiction.</p> <p>The terms and conditions of each offer of Warrants will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the Final Terms. An Investor intending to acquire or acquiring any Warrants in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Warrants to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.</p> <p>[Issue specific summary:</p> <p>[Not Applicable - the Warrants are issued with an Issue Price per Warrant of at least €100,000 (or its equivalent in any other currency.)] [This issue of Warrants is being offered in a Non-exempt Offer in <i>[specify particular country/ies]</i>.]</p>
E.4	Interest of natural and legal persons involved in the issue/offer:	<p>The relevant Dealers may be paid fees in relation to any issue of Warrants under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.</p> <p>[Issue specific summary:</p> <p>Other than as mentioned above, [and save for [●],] so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer, including conflicting interests. [A fee has been paid by the Dealer to a third party distributor. For specific and detailed information on the nature and</p>

Element	Title	
		quantity of such fee, the investor should contact the distributor of the Warrant.][The Warrants have been sold by the Dealer to a third party distributor at a discount to the specified issue price per Warrant. For specific and detailed information on the nature and quantity of such discount, the investor should contact the distributor of the Warrant.]]
E.7	Expenses charged to the investor by the Issuer or an Offeror:	<p>It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Warrants under the Programme. Other Authorised Offerors (as defined above) may, however, charge expenses to investors. Such expenses (if any) will be determined on a case by case basis.</p> <p><i>[Issue specific summary:</i></p> <p>No expenses are being charged to an investor by the Issuer. [For this specific issue, however, expenses may be charged by an Authorised Offeror (as defined above) in the range between [●] per cent. and [●] per cent. of the nominal amount of the Warrants to be purchased by the relevant investor.]]</p>

RISK FACTORS

In purchasing Warrants, investors expose themselves to the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Warrants. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Warrants. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor believe that the factors described below represent the principal factors which could materially adversely affect their businesses and ability to make payments due under the Warrants. In addition, factors which are material for the purpose of assessing the markets risks associated with Warrants issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

1. Risk Factors relating to the Issuer

Issuer's dependence on the Guarantor to make payments on the Warrants

The Issuer is a wholly-owned subsidiary of the Guarantor which was established for the purpose of, among others, issuing Warrants and hedging its exposure with the Guarantor. The Issuer is therefore dependent upon the Guarantor to meet its payment obligations under the Warrants. Should the Guarantor fail to meet its commitment under a hedging arrangement in a timely fashion, this will have a material adverse effect on the ability of the Issuer to fulfil its obligations under Warrants issued under the Programme.

By virtue of its dependence on the Guarantor, each of the risks described below that affect the Guarantor will also indirectly affect the Issuer.

Certain considerations in relation to the forum upon insolvency of the Issuer

In the event of insolvency of the Issuer, the court having jurisdiction to open insolvency proceedings and the law applicable to those proceedings and their effects will be determined in accordance with the provisions of Council Regulation (EC) No 1346/2000, of 29th May 2000, on insolvency proceedings ("**Regulation 1346/2000**"), the Spanish Insolvency Law 22/2003, of 9th July, 2003, as amended (the "**Spanish Insolvency Law**") and the Dutch Insolvency Law (*faillissementswet*) of 30th September, 1893, as most recently amended on 13th March, 2008 (the "**Dutch Insolvency Law**"). Pursuant to these provisions, the courts of the place where the Issuer has its centre of main interests shall have jurisdiction to open insolvency proceedings against it and the law applicable to the insolvency proceedings and their effects will be the law of the place where such proceedings are opened.

Under Regulation 1346/2000 the centre of main interests should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In the case of a company or legal person, Regulation 1346/2000 presumes, in the absence of proof to the contrary, that the place of its registered office is the centre of its main interests. Based on this presumption a Dutch court may consider that it has jurisdiction to open insolvency proceedings against the Issuer. Notwithstanding this presumption, it is arguable that the centre of main interests of the Issuer should be considered to be located in Spain and that the Spanish courts should be the courts with jurisdiction to open insolvency proceedings against it. In addition, even if the centre of main interests of the Issuer were not in Spain, the Spanish court could still open insolvency proceedings (named territorial insolvency proceedings) if they consider that the Issuer has an establishment within the territory of Spain, the effects of which would be limited to the assets of the Issuer situated in Spain.

Warrantholders should be aware that, in accordance with the above, in the case of an eventual insolvency of the Issuer, there is uncertainty as to whether the insolvency proceedings would be opened in the Netherlands or in Spain.

2. Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee

The Guarantor is subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition.

The financial services industry is among the most highly regulated industries in the world. The Guarantor's operations are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in Spain, the European Union, the United States and the other markets where it operates. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector which the Guarantor expects to continue for the foreseeable future. The regulations which most significantly affect the Guarantor, or which could most significantly affect the Guarantor in the future, include regulations relating to capital and provisions requirements, which have become increasingly more strict in the past three years, steps taken towards achieving a fiscal and banking union in the European Union, and regulatory reforms in the United States. These risks are discussed in further detail below.

In addition, the Guarantor is subject to substantial regulation relating to other matters such as liquidity. The Guarantor cannot predict if increased liquidity standards, if implemented, could require it to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect the Guarantor's net interest margin.

The Guarantor is also subject to other regulations, such as those related to anti-money laundering, privacy protection and transparency and fairness in customer relations.

Moreover, the Guarantor's regulators, as part of their supervisory function, periodically review the Guarantor's allowance for loan losses. Such regulators may require the Guarantor to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as required by these regulatory agencies, whose views may differ from those of the Guarantor's management, could have an adverse effect on the Guarantor's earnings and financial condition.

As described further in the following risk factors, recent Spanish regulatory developments include (i) Royal Decree-Law 2/2012, of 3 February 2012 and Law 8/2012 of 30 October 2012 which increased coverage requirements to be met by 31 December 2012 for performing and non-performing real estate assets, (ii) Law 9/2012, of 14 November 2012 ("**Law 9/2012**") which established a new regime on restructuring and resolution of credit institutions and a statutory loss absorbency regime applicable within the framework of restructuring and resolution processes, both based on the legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, the first draft of which (and the draft upon which Law 9/2012 was based) was published by the European Commission on 6 June 2012 and the final compromise text of which was published by the Council of the European Union on 18 December 2013 ("**the RRD**"), and (iii) Royal Decree-law 14/2013, of 29 November 2013 ("**RD-L 14/2013**") which partially incorporated CRD IV into Spanish law. In addition, on 5 February 2014 a new Bank of Spain Circular 2/2014, of 31 January, was published. By means of this new circular, the Bank of Spain has made certain regulatory determinations contained in CRR (as defined in the Conditions) pursuant to the delegation contained in RD-L 14/2013 including, among other things, certain rules concerning the applicable transitional regime on capital requirements and the treatment of deductions.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on the Guarantor's business, results of operations and financial condition. Furthermore, regulatory fragmentation, with some countries implementing new and more stringent standards or regulation, could adversely affect the Guarantor's ability to compete with financial institutions based in other jurisdictions which do not need to comply with such new standards or regulation.

Capital requirements

Increasingly onerous capital requirements constitute one of the Guarantor's main regulatory concerns.

As a Spanish financial institution, the Guarantor is subject to CRD IV, through which the European Union has implemented the Basel III capital standards and which are in the process of being phased in until 1 January 2019. The CRR entered into force on 1 January 2014 and the CRD IV Directive has already been partially implemented in Spain as of 1 January 2014 by RD-L 14/2013. RD-L 14/2013 has repealed, with effect from 1 January 2014, any Spanish regulatory provisions that may be incompatible with CRR.

Despite the CRD IV/Basel III framework setting minimum transnational levels of regulatory capital and a measured phase-in, many national authorities have started a race to the top for capital by gold-plating both requirements and the associated interpretation calendars.

For example, in the last three years the Bank of Spain and the European Banking Authority (“**the EBA**”) have imposed new capital requirements in advance of the entering into force of CRD IV. These measures have included Bank of Spain Circular 3/2008 (“**Circular 3/2008**”) of 22 May, on the calculation and control of minimum capital requirements, which was amended by Bank of Spain Circular 4/2011 (“**Circular 4/2011**”) and implements Capital Requirements Directive III in Spain. In addition, some of the requirements of Basel III were already implemented by the Spanish Government in 2011 with Royal Decree-Law 2/2011 (“**RD-L 2/2011**”) of 18 February (as amended by Law 9/2012) which established a new minimum requirement in terms of capital on risk-weighted assets (“**Capital Principal**”) and required such capital to be greater than 9 per cent. from 1 January 2013. RD-L 14/2013 specifically repealed, with effect from 1 January 2014, Title I of Royal Decree-Law 2/2011, which imposed the minimum Capital Principal requirement for credit institutions. Notwithstanding such repeal, as part of the assessment of additional capital requirements that could be required of credit institutions, the Bank of Spain has been given powers to stop or restrict, until 31 December 2014, any distributions of Tier 1 Capital which would have been caught by the minimum Capital Principal requirements stipulated in RD-L 2/2011, provided such distributions, accumulated over the year ended 31 December 2014, exceed in absolute terms the minimum Capital Principal legally required as at 31 December 2013 and further risk non-compliance with additional capital requirements that could be required by the Bank of Spain.

Furthermore, following an evaluation of the capital levels of 71 financial institutions throughout Europe (including the Guarantor) based on data available as of 30 September 2011, the EBA issued a recommendation on 8 December 2011 pursuant to which, on an exceptional and temporary basis, financial institutions based in the EU should reach a new minimum Core Tier 1 ratio (9 per cent.) by 30 June 2012. This recommendation has been replaced by the EBA recommendation of 22 July 2013 on the preservation of Core Tier 1 capital during the transition to CRD IV. This new recommendation provides for the maintenance of a nominal floor of capital denominated in the relevant reporting currency of Core Tier 1 capital corresponding to the amount of capital needed as at 30 June 2012 to meet the requirements of the above recommendation of 8 December 2011. Competent authorities may waive this requirement for institutions which maintain a minimum of 7 per cent. of common equity Tier 1 capital under CRD IV rules applied after the transitional period.

Finally, in order to complete the implementation of CRD IV initiated by RD-L 14/2013, the Spanish Government has submitted to the Spanish Congress a draft of a new comprehensive law on the organisation, supervision and solvency of credit institutions (the “**Supervision and Solvency Law**”) for its consideration and, thereafter, approval.

Additionally, the Mexican government introduced the Basel III capital standards in 2012 and the Basel III transposition in the United States will be effective in 2015. This lack of uniformity may lead to an uneven playing field and to competition distortions. Moreover, regulatory fragmentation, with some countries bringing forward the application of Basel III requirements or increasing such requirements, could adversely affect a bank with global operations such as the Guarantor and could undermine its profitability.

There can be no assurance that the implementation of these new standards will not adversely affect the Guarantor’s ability to pay dividends, or require it to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Guarantor’s business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect the Guarantor’s return on equity and other financial performance indicators.

Tax treatment of deferred tax assets following CRD IV

In addition to introducing new capital requirements, CRD IV provides that the deferred tax assets (“**DTAs**”) of a financial institution must be deducted from its regulatory capital (specifically its core capital or CET1 Capital) for prudential reasons, as there is generally no guarantee that DTAs will retain their value in the event of the institution facing difficulties.

This new deduction introduced by CRD IV has a much greater impact on Spanish banks, such as the Guarantor, than other international banks due to the particularly restrictive nature of certain aspects of Spanish tax law. For example, in some EU countries when a bank reports a loss the tax authorities refund a portion of taxes paid in previous years but in Spain the Guarantor must earn profits in subsequent years in order for this set-off to take place. Additionally, Spanish tax law does not recognise as tax-deductible certain amounts recorded as costs in the accounts of a bank, unlike the tax legislation of other EU countries. An example of this is the “generic provisions” (*provisiones genéricas*) made by Spanish banks, which are only considered to be tax-deductible costs when they are converted into specific provisions relating to exposures.

Due to these differences and the greater impact of the requirements of CRD IV with respect to DTAs, the Spanish regulator implemented certain amendments to the Spanish Law on Corporate Income Tax (Royal Decree Law 4/2004 of 5 March 2004, as amended) through RD-L 14/2013. This provides for certain DTAs to be treated as a direct claim against the tax authorities if a Spanish bank is unable to reverse those temporary differences within 18 years or if it is liquidated, becomes insolvent or incurs accounting losses. This amendment will allow a Spanish bank not to deduct such DTAs from its regulatory capital.

There can be no assurance that the tax amendments implemented by RD-L 14/2013 will not be challenged by the European Commission, that the final interpretation of these amendments will not change (as further clarifying regulation is expected during 2014) and whether Spanish banks will ultimately be allowed to maintain certain DTAs as regulatory capital. If this regulation is challenged, this may negatively affect the Guarantor’s regulatory capital and therefore its ability to pay dividends or require it to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Guarantor’s business, financial condition and results of operations.

Contributions for assisting in the restructuring of the Spanish banking sector

Royal Decree-Law 6/2013 of 22 March, on protection for holders of certain savings and investment products and other financial measures, includes a requirement for banks, including the Guarantor, to make an exceptional one-off contribution to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*) in addition to the annual contribution to be made by member institutions, equal to €3.00 per each €1,000 of deposits held as of 31 December 2012. The purpose of such contribution is for the Deposit Guarantee Fund to be able to purchase at market prices the unlisted shares of certain Spanish financial institutions involved in restructuring or resolution processes under Law 9/2012 (none of which are part of the Group). These unlisted shares are the result of the compulsory exchange of hybrid capital instruments and subordinated debt. There can be no assurance that additional funding requirements will not be imposed by the Spanish authorities for assisting in the restructuring of the Spanish banking sector.

Steps taken towards achieving an EU fiscal and banking union

In June 2012, a number of agreements were reached to reinforce the monetary union, including the definition of a broad roadmap towards a single banking and fiscal union. While support for a banking union in Europe is strong and significant advances have been made in terms of the development of a single-rule book through CRD IV, there is ongoing debate on the extent and pace of integration. On 13 September 2012, the European Parliament approved a proposal for the creation of the Single Supervisory Mechanism, so that 128 of the largest EU banks (including the Guarantor) will come under the European Central Bank’s (“the ECB”) direct oversight from November 2014. Other issues are still open, such as details around the ECB comprehensive assessment which includes a supervisory risk assessment, an asset quality review and a stress test to be conducted by national supervisors and the ECB in coordination with the EBA before the ECB becomes the single European bank supervisor which should occur by November 2014. Other open issues include the representation and voting power of non-Eurozone countries, the accountability of the ECB to European institutions as part of the Single Supervision Mechanism, the final status of the EBA, the development of a new bank resolution regime and the creation of a common deposit-guarantee scheme. In particular, the RRD and the Deposit Guarantee Schemes Directive were submitted to the European Parliament in June 2013. Their approval is expected with the finalisation of negotiations between the European Council, the European Commission and the European Parliament by April-May 2014. As at the date of this Offering Circular, the RRD is expected to enter into force in 2015, but the bail-in tool will only be operational from 2016. The final regulation on direct recapitalisation by the European Stability Mechanism (ESM) is still pending. European leaders have also supported the reinforcement of the fiscal union but continue negotiating on how to achieve it.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its future capacity as the Guarantor's main supervisory authority may have a material impact on the Guarantor's business, financial condition and results of operations.

Regulatory reforms initiated in the United States

The Guarantor's operations may also be affected by other regulatory reforms in response to the financial crisis, including measures such as those concerning systemic financial institutions and the enactment in the United States in July 2010 of the Dodd-Frank Act. Among other changes, beginning five years after enactment of the Dodd-Frank Act, the Federal Reserve Board will apply minimum capital requirements to U.S. intermediate bank holding company subsidiaries of non-U.S. banks. Section 619 of the Dodd-Frank Act, also known as the Volcker Rule, is a key component of this effort. The Volcker Rule prohibits banking entities, which benefit from federal insurance on customer deposits or access to the discount window, from engaging in proprietary trading and from investing in or sponsoring hedge funds and private equity funds, subject to certain exceptions. In addition, in December 2012, the Federal Reserve Bank published new draft regulations on Foreign Banking Organisations, covering issues such as solvency, liquidity, supervision and crisis management. In addition, in July 2013 the federal banking agencies jointly issued a proposal to implement higher leverage ratio standards for the largest, most systematically important U.S. banking organisations. Although there remains uncertainty as to how regulatory implementation of these laws will occur, various elements of the new law may cause changes that impact the profitability of the Guarantor's business activities and require that it changes certain of its business practices, and could expose the Guarantor to additional costs (including increased compliance costs). These changes may also cause the Guarantor to invest significant management attention and resources to make any necessary changes.

Taxation of the financial sector

On 14 February 2013 the European Commission published its proposal for a Council Directive implementing enhanced cooperation in the area of a financial transaction tax, which was intended to take effect on 1 January 2014 but negotiations are still ongoing. The proposed Directive aims to ensure that the financial sector makes a fair and substantial contribution to covering the costs of the recent crisis and creating a level playing field with other sectors from a taxation point of view. In Spain, new legislation was passed in March 2013 imposed extraordinary levies on deposits (see "*Contributions for assisting in the restructuring of the Spanish banking sector*") but the final version of this tax is expected to be included in the Spanish tax reforms expected for 2014. There can be no assurance that additional bank levies and national financial transaction taxes will not be adopted by the authorities of the jurisdictions where the Guarantor operates. Any such additional levies and taxes could have a material adverse effect on the Guarantor's business, financial condition, results of operations and prospects.

Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms or cause the Group to take other actions

Historically, one of the Group's principal sources of funds has been savings and demand deposits. Large-denomination time deposits may, under some circumstances, such as during periods of significant interest rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. The level of wholesale and retail deposits may also fluctuate due to other factors outside the Group's control, such as a loss of confidence (including as a result of political initiatives, including bail-in and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products. The expected introduction of national taxes on outstanding deposits could be negative for the market in Spain. Moreover, there can be no assurance that, in the event of a sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which the Group operates, the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. In addition, if public sources of liquidity, such as the ECB extraordinary measures adopted in response to the financial crisis since 2008, are removed from the market, there can be no assurance that the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets or taking additional deleverage measures.

The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions

Financial markets continue to be subject to significant stress conditions, where steep falls in perceived or actual asset values have been accompanied by a severe reduction in market liquidity, especially during 2012 and which has only slightly recovered during 2013. In dislocated markets, hedging and other risk management strategies may not be as effective as they are in normal market conditions due in part to the decreasing credit quality of hedge counterparties. Severe market events such as the sovereign debt crisis, rising risk premiums and falls in share market prices, have resulted in the Group recording large write-downs on its credit market exposures in recent years. Any deterioration in economic and financial market conditions could lead to further impairment charges and write-downs.

The Group faces increasing competition in its business lines

The markets in which the Group operates are highly competitive and the Guarantor believes that this trend will continue. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which the Group must now compete, some of which have recently received public capital from the European Stability Mechanism. Foreign competitors or funds are considering acquiring the institutions who have received such public capital in future auctions, like has been the case of NCG Banco, S.A., which has been acquired by Banesco, a bank from Venezuela.

The Group also faces competition from non-bank competitors, such as payment platforms; ecommerce businesses; department stores (for some credit products); automotive finance corporations; leasing companies; factoring companies; mutual funds; pension funds; insurance companies; and public debt (as a result of the high yields which have recently been offered as a consequence of the sovereign debt crisis, there has been a crowding out effect in the financial markets).

There can be no assurance that this competition will not adversely affect the Group's business, financial condition, cash flows and results of operations.

The Group's business is particularly vulnerable to volatility in interest rates

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond its control, including fiscal and monetary policies of governments and central banks, regulation of the financial sectors in the markets in which it operates, domestic and international economic and political conditions and other factors. Changes in market interest rates can affect the interest rates that the Group receives on its interest-earning assets differently to the rates that it pays for its interest-bearing liabilities. This may, in turn, result in a reduction of the net interest income the Group receives, which could have a material adverse effect on its results of operations.

In addition, the high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to changes in interest rates. In addition, a rise in interest rates could reduce the demand for credit and the Group's ability to generate credit for its clients, as well as contribute to an increase in the credit default rate. As a result of these and the above factors, significant changes or volatility in interest rates could have a material adverse impact on the Group's business, financial condition or results of operations.

The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets

The Group's commitments with personnel which are considered to be wholly unfunded are recognised under the heading "Provisions—Funds for Pensions and Similar Obligations" in its consolidated balance sheets included in the Consolidated Financial Statements (as defined under "*Documents Incorporated by Reference*" below). These amounts are considered wholly unfunded due to the absence of qualifying plan assets.

The Group faces liquidity risk in connection with its ability to make payments on these unfunded amounts which it seeks to mitigate, with respect to "Post-employment benefits", by maintaining insurance contracts which were

contracted with insurance companies owned by the Group. The insurance companies have recorded in their balance sheets specific assets (fixed interest deposit and bonds) assigned to the funding of these commitments. The insurance companies also manage derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. The Group seeks to mitigate liquidity risk with respect to “Early Retirements” and “Post-employment welfare benefits” through oversight by the Assets and Liabilities Committee (“ALCO”) of the Group. The Group’s ALCO manages a specific asset portfolio to mitigate the liquidity risk regarding the payments of these commitments. These assets are government and covered bonds which are issued at fixed interest rates with maturities matching the aforementioned commitments. The Group’s ALCO also manages derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. Should the Guarantor fail to adequately manage liquidity risk and interest rate risk either as described above or otherwise, it could have a material adverse effect on the Group’s business, financial condition, cash flows and results of operations.

Risks Relating to Spain and Europe

Economic tensions in the European Union and Spain, including as a result of the European sovereign debt crisis, could have a material adverse effect on the Group’s business, financial condition and results of operations

The continuing crisis in worldwide financial and credit markets has led to a global economic slowdown in recent years, with many economies around the world showing significant signs of weakness or slow growth. In Europe, there has been a significant reduction in risk premiums since late 2012, which have improved during 2013 but have not yet returned to normalised levels. Nevertheless, uncertainty regarding the budget deficits and solvency of several countries persists, together with the risk of contagion to other more stable countries. To a lesser extent than during the height of the financial crisis, there is also the risk of default on the sovereign debt of certain EU countries and the impact this would have on the Eurozone countries, including the potential risk that one or more countries may leave the Eurozone, either voluntarily or involuntarily. Notwithstanding the above, the probability of country defaults or rupture of the Eurozone has decreased since 2012.

The exit of one or more EU Member States from the European Monetary Union could materially adversely affect the European and global economy, cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency and substantially disrupt capital, interbank, banking and other markets, among other effects, any of which could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects. In addition, tensions among Member States of the EU, and growing Euro-scepticism in certain EU countries, could pose additional difficulties in the EU’s ability to react to an economic crisis.

Additionally, it cannot be ruled out that there may be periods of instability as a result of upcoming events that could alter the progress that has been made in establishing a European banking union and strengthening the monetary union of the eurozone more generally. These events include the European Parliamentary elections, announcement of the conditions and results of future ECB stress tests and asset quality reviews of the European banking sector. The risk of significant deflation also cannot be ruled out.

Prior to the ECB assuming the supervision of European banks (including the Guarantor), the ECB is conducting, with the help of national supervisors, external advisors, consultants and other appraisers, a comprehensive assessment consisting of three elements: (i) a supervisory risk assessment, which will assess the main risks on the balance sheet including liquidity, funding and leverage; (ii) an asset quality review, which shall focus on credit and market risks; and (iii) a stress test to examine the need to strengthen capital or take other corrective measures which could affect the Group’s business, financial condition and results of operations. It is expected that the results of this comprehensive agreement will be released at the end of 2014.

Economic conditions remain uncertain in Spain and the European Union and may deteriorate in the future, which could adversely affect the cost and availability of funding for Spanish and European banks, including the Group and the quality of the Group’s loan portfolio, require the Group to take impairments on its exposures to the sovereign debt of one or more countries in the Eurozone or otherwise adversely affect the Group’s business, financial condition and results of operations.

The Guarantor is dependent on its credit ratings and any reduction of its or the Kingdom of Spain’s credit ratings could materially and adversely affect the Group’s business, financial condition and results of operations

The Guarantor is rated by various credit rating agencies. The Guarantor's credit ratings are an assessment by rating agencies of its ability to pay its obligations when due. Any actual or anticipated decline in the Guarantor's credit ratings to below investment grade or otherwise may increase the cost of and decrease the Guarantor's ability to finance itself in the capital markets, secured funding markets (by affecting its ability to replace downgraded assets with better rated ones), interbank markets, through wholesale deposits or otherwise, harm its reputation, require it to replace funding lost due to the downgrade, which may include the loss of customer deposits, and make third parties less willing to transact business with the Group or otherwise materially adversely affect its business, financial condition and results of operations. Furthermore, any decline in the Guarantor's credit ratings to below investment grade or otherwise could breach certain of the Guarantor's agreements or trigger additional obligations under such agreements, such as a requirement to post additional collateral, which could materially adversely affect the Group's business, financial condition and results of operations.

Since the Guarantor is a Spanish company with substantial operations in Spain, its credit ratings may be adversely affected by the assessment by rating agencies of the creditworthiness of the Kingdom of Spain. This is a particular risk of the peripheral European countries. Any decline in the Kingdom of Spain's sovereign credit ratings could, in turn, result in a decline in the Guarantor's credit ratings.

In addition, the Group holds a substantial amount of securities issued by the Kingdom of Spain, autonomous communities within Spain and other Spanish issuers. Any decline in the Kingdom of Spain's credit ratings could also adversely affect the value of the Kingdom of Spain's and other Spanish issuers' respective securities held by the Group in various portfolios or otherwise materially adversely affect the Group's business, financial condition and results of operations. Furthermore, the counterparties to many of the Group's loan agreements could be similarly affected by any decline in the Kingdom of Spain's credit rating, which could limit their ability to raise additional capital or otherwise adversely affect their ability to repay their outstanding commitments to the Group and, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

Since the Guarantor's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition

The Group has historically developed its lending business in Spain, which continues to be its main place of business.

After rapid economic growth until 2007, Spanish gross domestic product ("**GDP**") contracted by 3.7 per cent. and 0.3 per cent. in 2009 and in 2010, respectively, grew by 0.4 per cent. in 2011 and contracted by 1.6 per cent. in 2012 and by 1.2 per cent. in 2013. The Guarantor's Economic Research Department ("**BBVA Research**") estimates that the Spanish economy will grow by 0.9 per cent. in 2014. In addition, GDP forecasts for the Spanish economy could be revised downwards if measures adopted in response to the economic crisis are not as effective as expected or if public deficit figures force the government to implement additional restrictive measures. In addition to the tightening of fiscal policies in order to correct its economic imbalances, Spain has seen confidence erode, because of weaker economic activity and, above all, a deterioration in employment in 2012 and 2013. The effects of the financial crisis have been particularly pronounced in Spain given Spain's heightened need for foreign financing as reflected by its high public deficit. Real or perceived difficulties in making the payments associated with this deficit can further damage Spain's economic situation and increase the costs of financing its public deficit. The aforementioned may be exacerbated by the following:

- (a) The Spanish economy is particularly sensitive to economic conditions in the rest of the euro area, the primary market for Spanish goods and services exports.
- (b) Spanish domestic demand in 2012 and 2013 was heavily impacted by fiscal policy both directly, through the progressive contraction of public sector demand (as a result, among other reasons, of tighter fiscal targets), and indirectly, through the impact of fiscal policy reforms on the consumption and investment decisions of private parties (as a result, for example, of increases in various taxes, including income tax and value added tax ("**VAT**"), and the elimination of certain tax benefits (including tax benefits on the purchase of a home)). Further tax reform is expected in 2014.
- (c) Unemployment continued to increase in 2013 up to 26.3 per cent. and is expected to remain above 25 per cent. during 2014.

- (d) The continued deterioration of the labour market may trigger a decline in the wage component of a household's gross disposable income.
- (e) Investment in residential real estate contracted by approximately 12.5 per cent. and 8.0 per cent. in 2011 and 2012, respectively, and is expected to contract by 9 per cent. in 2013.

The Group's loan portfolio in Spain has been adversely affected by the deterioration of the Spanish economy since 2009. Given the concentration of the Group's loan portfolio in Spain, any adverse changes affecting the Spanish economy are likely to have a significant adverse impact on the Group's financial condition and results of operations.

In addition, the weakening in the Group's customer creditworthiness could impact its capital adequacy. The regulatory capital levels the Group is required to maintain are calculated as a percentage of its risk-weighted assets ("RWA"), in accordance with the CRD IV package (including Royal Decree Law 14/2013 that partially implemented CRD IV in Spain). The RWA consist of the Group's balance sheet, off-balance sheet and other market and operational risk positions, measured and risk-weighted according to regulatory criteria, and are driven, among other things, by the risk profile of the Group's assets, which include its lending portfolio. If a customer's repayment capacity declines, the Group lowers the customer's rating, which results in an increase in its RWA. In addition, substantial market volatility, a widening of credit spreads, a change in the regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of assets pledged as collateral, or a further deterioration of the economic environment, among other things, could result in an increase in the Group's RWA, which potentially may reduce its capital adequacy ratios. If the Group were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Exposure to the Spanish real estate market makes the Group vulnerable to developments in this market

In the years prior to 2008, population increase, economic growth, declines in unemployment rates and increases in levels of household disposable income, together with low interest rates within the EU, led to an increase in the demand for mortgage loans in Spain. This increased demand and the widespread availability of mortgage loans affected housing prices, which rose significantly. After this buoyant period, demand began to adjust in mid-2006. Since the last quarter of 2008, the supply of new homes has been adjusting sharply downward in the residential market in Spain, but a significant excess of unsold homes still exists in the market. Spanish real estate prices continued to decline during 2012 in light of deteriorating economic conditions. Housing demand has remained weak and housing transactions continued to decrease during 2013 but are expected to stabilise in 2014.

The Group has substantial exposure to the Spanish real estate market and the continuing deterioration of Spanish real estate prices could materially and adversely affect its business, financial condition and results of operations. The Group is exposed to the Spanish real estate market due to the fact that Spanish real estate assets secure many of its outstanding loans and due to the significant amount of Spanish real estate assets held on its balance sheet, including real estate received in lieu of payment for certain underlying loans. Furthermore, the Group has restructured certain of the loans it has made relating to real estate and the capacity of the borrowers to repay those restructured loans may be materially adversely affected by declining real estate prices. New guidelines from the Bank of Spain on how to classify refinanced loans according to their risk profile may discourage refinancing activity in the future, worsening the prospects of these loans.

If Spanish real estate prices continue to decline, the Group's business may be materially adversely affected, which could materially and adversely affect its financial condition and results of operations.

Highly-indebted households and corporations could endanger the Group's asset quality and future revenues

Spanish households and businesses have reached, in recent years, a high level of indebtedness, which represents increased risk for the Spanish banking system. In addition, the high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to upward movements in interest rates. Highly indebted households and businesses are less likely to be able to service debt obligations as a result of adverse economic events, which could have an adverse effect on the Group's loan portfolio and, as a result, on its financial condition and results

of operations. Moreover, the increase in households' and businesses' indebtedness also limits their ability to incur additional debt, decreasing the number of new products the Group may otherwise be able to sell them and limiting the Group's ability to attract new customers in Spain satisfying its credit standards, which could have an adverse effect on the Group's ability to achieve its growth plans.

Risks Relating to Latin America

Events in Mexico could adversely affect the Group's operations

The Group is substantially dependant on its Mexican operations. The Group faces several types of risks in Mexico which could adversely affect its banking operations in Mexico or the Group as a whole. Given the internationalisation of the financial crisis, the Mexican economy has felt the effects of the global financial crisis and the adjustment process that was underway. The Mexican economy grew by 1.2 per cent. in 2013 but the first half of the year was characterised by a more acute downturn than originally forecasted due to the considerable slowdown in the industrial sector, partially driven by the weak demand and also a contraction in public demand. The slowdown in the rate of job creation and the contribution of salaries to disposable income in real terms have been significant factors underlying the downturn in domestic demand. Another fact to consider is the low foreign-currency inflows from remittances, which continue to decline.

If there is a further increase in unemployment rates (which were 5.1 per cent. in 2013, 5.0 per cent. in 2012 and 5.2 per cent. in 2011 and are expected to be 5.0 per cent. in 2014), which could arise if there is a more pronounced or prolonged slowdown in Europe or the United States, it is likely that such rates will further increase.

In addition, inflation was 3.4 per cent. in the third quarter of 2013, exceeding the target set by the Mexican Central Bank. Any tightening of the monetary policy, including to address upward inflationary pressures, could make it more difficult for customers of the Group's mortgage and consumer loan products in Mexico to service their debts, which could have a material adverse effect on the business, financial condition, cash flows and results of operations of the Guarantor's Mexican subsidiary or the Group as a whole. In May 2013, Mexico presented its proposed financial reforms, which are based on: i) a new mandate for development banks, ii) the promotion of competition to reduce interest rates, iii) the creation of incentives for banks to give more credit and iv) the strengthening of the banking system. The final text was adopted on 9 January 2014. Finally, growing social tensions in Mexico, including as a result of drug-related corruption and escalating violence, could weigh on the economic outlook, which could increase economic uncertainty and capital outflows.

According to the mandate of the Law for Transparent and Ordered Financial Services in place (last modified in 2010), the Mexican National Commission for the Protection and Defense of Financial Services Users (*Comisión Nacional para la Defensa de los Usuarios de los Servicios Financieros*) ("**Condusef**") has continued to request that banks send several of their service contracts for revision (for example, credit cards and insurance), in order to check that they comply with the dispositions on transparency and clarity for protecting financial service users. Condusef still does not have systematic ways to evaluate and grade service contracts, and this reflects on a substantial variation in grades from one year to the next and no clear instructions for adequating such contracts. Therefore, the Law Committee of the Banking Association ("**ABM**") is coordinating a working group to propose improvements in the process. In addition, Condusef has asked banks to formulate new procedures so that beneficiaries of deposit accounts can collect the funds in the case of the death of the account owner.

The Money Laundering Law (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) became effective in July 2013. The Ministry of Finance (*Secretaría de Hacienda y Crédito Público*) and a special analysis unit within the Federal Attorney's Office (*Unidad Especializada en Análisis Financiero en Contra de la Delincuencia Organizada, de la Procuraduría General de la República*) are in charge of this process. The Law specifies more severe penalties for non compliance and more information requirements for some transactions. However, authorities are working on evaluating the impact of the law before it comes into force.

Any of these risks or other adverse developments in laws, regulations, public policies or otherwise in Mexico may adversely affect the business, financial condition, operating results and cash flows of the Guarantor's Mexican subsidiary or the Group as a whole.

The Guarantor's Latin American subsidiaries' growth, asset quality and profitability may be affected by volatile macroeconomic conditions, including significant inflation and government default on public debt, in the Latin American countries where they operate

The Latin American countries in which the Group operates have experienced significant economic volatility in recent decades, characterised by recessions, foreign exchange crises and significant inflation. This volatility has resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which the Group lends. Negative and fluctuating economic conditions, such as a changing interest rate environment, also affect the Group's profitability by causing lending margins to decrease and leading to decreased demand for higher-margin products and services. In addition, significant inflation can negatively affect the Group's results of operations.

The start of the withdrawal of monetary stimuli by the Federal Reserve in the U.S., and the slowing of economic activity in several emerging markets led to an increase in volatility in the international financial markets. Latin America, like other emerging markets, has been one of the hardest hit in this new environment, particularly as Latin America benefited most from the increase in liquidity and the expansion in demand by countries such as China in recent years.

Many of the main challenges for the region relate to the evolution of external factors, including the crisis in Europe or the fiscal adjustment measures in the U.S., and the increasing use of macro-prudential measures to control global liquidity, which could deter financial flows to enter in Latin American countries. In addition, inflationary pressure in some countries in the region (with inflation in some countries exceeding the relevant central banks' targets) has led to different approaches from central banks when dealing with turbulence in the financial markets. Price overheating could leave Latin America economies more vulnerable to an adverse external shock since the more important role of exports in their GDP is making them more dependent on the maintenance of high terms of trade. Moreover, uncertainty on the evolution of the global economy and lower global liquidity will likely contribute to a slight depreciation in exchange rates in most countries. This would result in monetary policy being less likely to act as a stabiliser in case of domestic overheating. The region needs to promote reforms to increase productivity and to consolidate growth in the long term, as the sustainable growth of per capita income cannot be based only on capital accumulation and employment growth.

In addition, negative and fluctuating economic conditions in some Latin American countries could result in government defaults on public debt. This could affect the Group in two ways: directly, through portfolio losses, and indirectly, through instabilities that a default in public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is generally high in several Latin American countries in which the Group operates.

While the Group seeks to mitigate these risks through what it believes to be conservative risk policies, no assurance can be given that its Latin American subsidiaries' growth, asset quality and profitability will not be further affected by volatile macroeconomic conditions in the Latin American countries in which it operates.

Latin American economies can be directly and negatively affected by adverse developments in other countries

Financial and securities markets in Latin American countries in which the Group operates are, to varying degrees, influenced by economic and market conditions in other countries in Latin America and beyond. The region's growth decelerated in 2012, registering a growth rate of 3 per cent., in particular due to the economic slowdown of Brazil, and was 2.4 per cent. in 2013. The region is expected to grow by 3.1 per cent. in 2014. The international financial outlook became less benign for Latin America in recent months. Latin America, together with other emerging markets, has been one of the hardest hit regions in this new environment, with term capital outflows, increases in sovereign spreads, stock market falls and devaluations in exchange rates. There has also been an adjustment in the prices of some of the most important export commodities during 2013. In addition, the outlook for foreign balances in Latin America has worsened in 2013 due to the above mentioned correction in raw material prices and weak foreign demand.

Negative developments in the economy or securities markets in one country, particularly in the U.S. or in Europe under current circumstances, may have a negative impact on emerging market economies. BBVA believes that two global risks for Latin American countries are currently posed by the possible deterioration of the European crisis and

the effects of the withdrawal of monetary stimuli or tapering in the U.S. by the Federal Reserve that has now started, which would especially affect countries with less capacity to access international markets to cushion the fall in commodity prices and with less room to use counter-cyclical policies. Any such developments may adversely affect the business, financial condition, operating results and cash flows of BBVA's subsidiaries in Latin America. These economies are also vulnerable to conditions in global financial markets and especially to commodities price fluctuations and these vulnerabilities usually reflect adversely in financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. For example, at the beginning of the financial crisis these economies were hit by a simultaneous drop in commodity export prices, a collapse in demand for non-commodity exports and a sudden halting of foreign bank loans. Even though most of these countries withstood the triple shock rather well, with limited damage to their financial sectors, non-performing loan ratios rose and bank deposits and loans contracted. These trends have been corrected in recent months in most countries. As a global economic recovery remains fragile, there are risks of a relapse. If the global financial crisis continues and, in particular, if the effects on the Chinese, European and U.S. economies intensify, the business, financial condition, operating results and cash flows of BBVA's subsidiaries in Latin America are likely to be materially adversely affected.

The Group is exposed to foreign exchange and, in some instances, political risks as well as other risks in the Latin American countries in which it operates, which could cause an adverse impact on its business, financial condition and results of operations

The Group operates commercial banks and insurance and other financial service companies in various Latin American countries and its overall success as a global business depends, in part, upon its ability to succeed in differing economic, social and political conditions. The Group is confronted with different legal and regulatory requirements in many of the jurisdictions in which it operates. These include, but are not limited to, different tax regimes and laws relating to the repatriation of funds or nationalisation or expropriation of assets. The Group's international operations may also expose it to risks and challenges which its local competitors may not be required to face, such as exchange rate risk, difficulty in managing a local entity from abroad, and political risk which may be particular to foreign investors, or the distribution of dividends. Market outlook for an earlier than expected withdrawal of monetary stimuli or tapering in the U.S. (which started later than initially expected), together with the risk of an increased slowdown in China, triggered widespread devaluation in exchange rates in the region in 2013.

The Group's presence in Latin American markets also requires it to respond to rapid changes in market conditions in these countries. There can be no assurance that the Group will continue to succeed in developing and implementing policies and strategies that are effective in each country in which it operates or that any of the foregoing factors will not have a material adverse effect on its business, financial condition and results of operations.

Regulatory changes in Latin America that are beyond the Group's control may have a material effect on its business, financial condition, results of operations and cash flows

A number of banking regulations designed to maintain the safety and soundness of banks and limit their exposure to risk are applicable in certain Latin American countries in which the Group operates. Local regulations differ in a number of material respects from equivalent regulations in Spain and the United States.

Changes in regulations that are beyond the Group's control may have a material effect on its business and operations, particularly in Venezuela and Argentina. In addition, since some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. No assurance can be given that laws or regulations will be enforced or interpreted in a manner that will not have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

Risks Relating to the United States

Adverse economic conditions in the United States may have a material effect on the Group's business, financial condition, results of operations and cash flows

As a result of the business of the Guarantor's subsidiaries in the United States, the Group is vulnerable to developments in this market, particularly the real estate market. During the summer of 2007, the difficulties

experienced by the subprime mortgage market triggered a real estate and financial crisis, which had significant effects on the real economy and resulted in significant volatility and uncertainty in markets and economies around the world. The recovery is still weak, as the economy is growing at low rates and unemployment is persistently high. The US economy registered a 1.6 per cent. growth rate for 2013, down from 2.8 per cent. in 2012, showing that economic recovery is slower than expected. A 2.3 per cent. growth rate is expected for 2014. Worsening economic conditions in the United States could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Guarantor's subsidiary BBVA Compass, or the Group as a whole, and could require the Guarantor to provide BBVA Compass with additional capital.

Risks Relating to Other Countries

The Group's strategic growth in Asia exposes it to increased regulatory, economic and geopolitical risk relating to emerging markets in the region, particularly in China

As of the date of this Offering Circular, BBVA's ownership interest in members of the CITIC Group, a Chinese banking group, are a 29.7 per cent. stake in CITIC International Financial Holdings Ltd ("CIFH") and a 9.9 per cent. stake in China CITIC Bank Corporation Limited ("CNCB"). CIFH is a banking entity headquartered in Hong Kong and CNCB is a banking entity headquartered in China. As a result of the Group's expansion into Asia, it is exposed to increased risks relating to emerging markets in the region, particularly in China. The Chinese government has exercised, and continues to exercise, significant influence over the Chinese economy. Chinese governmental actions, including changes in laws or regulations or in the interpretation of existing laws or regulations, concerning the economy and state-owned enterprises, or otherwise affecting the Group's activity, could have a significant effect on Chinese private sector entities in general, and on CIFH or CNCB in particular. Chinese authorities have implemented a series of monetary tightening and macro prudential policies to slow credit growth and to contain rises in real estate prices. These could undermine profitability in the banking sector generally and CIFH's and CNCB's respective profitability in particular. The Group's business in China may also be affected by the increased credit quality risks resulting from the increase in local government debt and financial stresses in smaller companies as their access to various forms of non-bank credit is tightened.

In addition, while the Group believes long term prospects in both China and Hong Kong are positive, particularly for the consumer finance market, near term risks are present from the impact of a slowdown in global growth, which could result in tighter financing conditions and could pose risks to credit quality. China's GDP growth has moderated following efforts to avert overheating and steer the economy towards a soft landing. For 2013, China registered a 7.7 per cent. growth in GDP and 7.6 per cent. growth is expected for 2014. This has resulted in the uncertainty at the beginning of the year regarding the sustainability of its growth and the possibility of a hard landing dissipating in the short term. The economy recovered in the second half of 2013 and this has been maintained, although some of the more recent data on confidence and expectations of manufacturing activity are once again below market expectations.

Fundamental changes in economic policy have also been announced. At the third plenum of the Chinese Communist Party, the authorities reiterated their commitment to maintaining high rates of growth, while at the same time proposing measures that will strengthen the role of the market in allocating resources and a rebalancing of the Chinese economy from a model of investment and exports towards increasing household consumption. These measures have high execution risks. For example, the rapid growth of credit is being reflected in liquidity tensions in the interbank market which are above all affecting the so-called shadow banking sector and a continuation of these tensions could have unwelcome effects on the stability of the system.

Any of these developments could have a material adverse effect on the Group's investments in China and Hong Kong or the business, financial condition, results of operations and cash flows of the Group.

Since Garanti operates primarily in Turkey, economic, political and other developments in Turkey may have a material adverse effect on Garanti's business, financial condition and results of operations and the value of the Guarantor's investment in Garanti

In 2011, the Guarantor acquired a 25.01 per cent. interest in Türkiye Garanti Bankası A.Ş. (**Garanti**). Most of Garanti's operations are conducted, and most of its customers are located, in Turkey. Accordingly, Garanti's ability to recover on loans, its liquidity and financial condition and its results of operations are substantially dependent upon the

economic, political and other conditions prevailing in or that otherwise affect Turkey. For instance, if the Turkish economy is adversely affected by, among other factors, a reduction in the level of economic activity, continuing inflationary pressures, devaluation or depreciation of the Turkish Lira, a natural disaster or an increase in domestic interest rates, then a greater portion of Garanti's customers may not be able to repay loans when due or meet their other debt service requirements to Garanti, which would increase Garanti's past due loan portfolio and could materially reduce its net income and capital levels. After growing by approximately 8.5 per cent. in 2011, 2.2 per cent. in 2012 and 3.9 per cent. in 2013, the Turkish economy is expected to grow by 3.8 per cent. in 2014. In addition, inflation stayed at 8.9 per cent. in 2012 and was 7.6 per cent. in 2013. Inflation is expected to stay around 6.4 per cent. in 2014. However, the recent civil developments and political situation in Turkey, as well as the interest rate increases to address the depreciation of the Turkish Lira could adversely affect economic growth. The political crisis accelerated in December and will continue at least until March 2014 (when local elections are due to be held). Furthermore, Turkey's recent credit boom led to the rapid widening of its current account deficit, which reached a multi-year high of 9.9 per cent. of GDP in 2011, 5.9 per cent. in 2012 and around 7.5 per cent. in 2013. Despite Turkey's increased political and economic stability in recent years, the recent rating upgrade by Fitch in November 2012 and by Moody's in May 2013 and the implementation of institutional reforms to conform to international standards, Turkey is an emerging market and it is subject to greater risks than more developed markets, as witnessed by the recent civil developments, which may also have an adverse effect on the financial sector. Financial turmoil in any emerging market could negatively affect other emerging markets, including Turkey, or the global economy in general. Moreover, financial turmoil in emerging markets tends to adversely affect stock prices and debt securities prices of other emerging markets as investors move their money to more stable and developed markets, and may reduce liquidity to companies located in the affected markets. An increase in the perceived risks associated with investing in emerging economies in general, or Turkey in particular, could dampen capital flows to Turkey and adversely affect the Turkish economy.

In addition, actions taken by the Turkish government could adversely affect Garanti's business and prospects. For example, currency restrictions and other restraints on transfer of funds may be imposed by the Turkish government, Turkish government regulation or administrative policies may change unexpectedly or otherwise negatively affect Garanti, the Turkish government may increase its participation in the economy, including through nationalisations of assets, or the Turkish government may impose burdensome taxes or tariffs. The occurrence of any or all of the above risks could have a material adverse effect on Garanti's business, financial condition and results of operations and the value of the Guarantor's investment in Garanti. Moreover, political uncertainty or instability within Turkey and in some of its neighbouring countries (including as a result of the ongoing civil war in Syria) has historically been one of the potential risks associated with investments in Turkish companies.

Furthermore, a significant majority of Garanti's total securities portfolio is invested in securities issued by the Turkish government. In addition to any direct losses that Garanti might incur, a default, or the perception of increased risk of default, by the Turkish government in making payments on its securities or the possible downgrade in Turkey's credit rating would likely have a significant negative impact on the value of the government securities held in Garanti's securities portfolio and the Turkish banking system generally and make such government securities difficult to sell, and may have a material adverse effect on Garanti's business, financial condition and results of operations and the value of the Guarantor's investment in Garanti.

Any of the risks referred to above could have a material adverse effect on Garanti's business, financial condition and results of operations and the value of the Guarantor's investment in Garanti.

The Guarantor has entered into a shareholders' agreement with Doğu Holding A. Ş. in connection with the Garanti acquisition

The Guarantor entered into a shareholders' agreement with Doğu Holding A.Ş. ("Doğu") in connection with the Garanti acquisition. Pursuant to the shareholders' agreement, the Guarantor and Doğu have agreed to manage Garanti through the appointment of board members and senior management. Doğu is one of the largest Turkish conglomerates and has business interests in the financial services, construction, tourism and automotive sectors. Any financial reversal, negative publicity or other adverse circumstance relating to Doğu could adversely affect Garanti or the Guarantor. Furthermore, the Guarantor must successfully cooperate with Doğu in order to manage Garanti and grow its business. It is possible that the Guarantor and Doğu will be unable to agree on the management or operational strategies to be followed by Garanti, which could adversely affect Garanti's business, financial condition

and results of operations and the value of the Guarantor's investment and lead to the Guarantor's failure to achieve the expected benefits from the Garanti acquisition.

Other Risks

Weaknesses or failures in the Group's internal processes, systems and security could materially adversely affect its results of operations, financial condition or prospects, and could result in reputational damage

Operational risks, through inadequate or failed internal processes, systems (including financial reporting and risk monitoring processes) or security, or from people-related or external events, including the risk of fraud and other criminal acts carried out against Group companies, are present in the Group's businesses. These businesses are dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness in these internal processes, systems or security could have an adverse effect on the Group's results, reporting of such results, and on the ability to deliver appropriate customer outcomes during the affected period. In addition, any breach in security of the Group's systems could disrupt its business, result in the disclosure of confidential information and create significant financial and legal exposure for the Group. Although the Group devotes significant resources to maintain and regularly update its processes and systems that are designed to protect the security of its systems, software, networks and other technology assets, there is no assurance that all of its security measures will provide absolute security. Any damage to the Group's reputation (including to customer confidence) arising from actual or perceived inadequacies, weaknesses or failures in its systems, processes or security could have a material adverse effect on its results of operations, financial condition or prospects.

Compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort

Group companies are subject to rules and regulations regarding money laundering and the financing of terrorism. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its Group-wide anti-money laundering and anti-terrorism financing policies and procedures completely prevent situations of money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and notably reputational consequences, which could have a material adverse effect on the Group's financial condition and results of operations.

A further reduction in expansive monetary policies ("tapering") could increase exchange rate volatility

In order to stimulate their economies, countries such as the United States and Japan are currently carrying out expansive monetary policies. A reduction of this stimulus ("tapering", such as that being implemented by the United States) could potentially increase exchange rate volatility. The change of direction in US monetary policy has, as usual, had a global impact. The emerging economies are being subjected to capital outflows and currency depreciation, intensified in some cases by domestic events that have increased uncertainty regarding the management of their respective local economic policies. There continues to be a differentiation between economies depending on their fundamentals: higher external deficits and more dependence on short-term and foreign-currency funding are associated with greater vulnerability to capital outflows and currency depreciation. The monetary tightening being introduced by some of these countries to control currency depreciation and inflation expectations will have a negative impact on growth. This might especially impact emerging economies such as Asia, Latin America and Turkey, which will negatively affect the business, financial condition, operating results and cash flows of the Guarantor's subsidiaries in such regions.

3. Risks relating to the Warrants generally

The Warrants may not be a suitable investment for all purchasers

Each potential purchaser in the Warrants should realise that investing in the Warrants entails significant risks and may not be appropriate for purchasers lacking financial expertise. Prospective purchasers should consult their own financial, tax and legal advisors as to the risks entailed by an investment in such Warrants and the suitability of such Warrants in light of their particular circumstances and ensure that its acquisition is fully consistent with their financial needs and investment policies, is lawful under the laws of the jurisdiction of its incorporation and/or in which it operates, and is a suitable investment for it to make. Each potential purchaser of the Warrants must determine the suitability of that investment in light of its own circumstances. In particular each potential purchaser should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Warrants, the merits and risks of investing in the Warrants and the information contained or incorporated by reference in this Base Prospectus, any applicable supplement or any other Offering Document, including all the information contained in the Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Warrants and the impact the Warrants will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants;
- (d) understand thoroughly the terms of the Warrants and be familiar with the behaviour of any relevant indices and financial markets;
- (e) understand thoroughly (if necessary, in consultation with the purchaser's own legal, tax, accountancy, regulatory, investment or other professional that the nature of the Warrants which may be linked to the performance of one or more, or a combination of, underlying shares, indices, inflation indices, fund shares, or foreign exchange rates (together, "**Reference Items**" and each, a "**Reference Item**"), and
- (f) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Purchasers may lose the entire amount paid in respect of the Warrants

Purchasers may lose up to the entire amount of the price paid for the relevant Warrants as a result of the occurrence of any one or more of the following events:

- (a) the Issuer and the Guarantor of the Warrants are subject to insolvency proceedings or some other event impairing the ability of each to meet its obligations under the Warrants;
- (b) the purchaser seeks to sell the relevant Warrants prior to their exercise in full, and the sale price of the Warrants in the secondary market is less than the amount originally paid by such purchaser for the relevant Warrants; and
- (c) the Warrants are subject to certain adjustments in accordance with the terms and conditions of such Warrants that may result in the scheduled amount to be paid or asset(s) to be delivered upon maturity being reduced to or being valued at an amount less than the amount originally paid by such purchaser for the relevant Warrants.

Notwithstanding that the relevant Warrants may be linked to the performance of one or more Reference Items, purchasers of such Warrants do not have and shall not receive any rights in respect of any Reference Item and shall have no right to call for any Reference Item to be delivered to them (unless otherwise provided in the Final Terms). Neither the Issuer nor the Guarantor shall be required to hold any Reference Item.

The value of Warrants linked to a relevant Reference Item may be influenced by unpredictable factors

The value of the Warrants may be influenced by several factors beyond the Issuer's, and/or its Affiliates and, where applicable, the Guarantor's control including:

- (a) *Valuation of the relevant Reference Item.* The value of a Warrant at any time is expected to be affected primarily by changes in the level of the relevant Reference Item to which the Warrants are linked. It is impossible to predict how the level of the relevant Reference Item will vary over time. The historical performance value (if any) of the relevant Reference Item does not indicate the future performance of the

relevant Reference Item. Factors which may have an effect on the value of the relevant Reference Item include the rate of return of the relevant Reference Item and, where relevant, the financial position and prospects of the issuer of the relevant Reference Item, the market price or value of the applicable underlying security, index, fund (including exchange traded funds (“ETFs”), mutual funds and hedge funds) or basket of securities, indices, funds (including ETFs, mutual funds and hedge funds). In addition, the level of the relevant Reference Item may depend on a number of inter-related factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Potential purchasers should also note that whilst the value of the Warrants is linked to the relevant Reference Item and will be influenced (positively or negatively) by the relevant Reference Item, any change may not be comparable and may be disproportionate. It is possible that while the relevant Reference Item is increasing in value, the value of the Warrants may fall. Further, the Conditions of the Warrants will allow the Calculation Agent to make adjustments or take any other appropriate action if circumstances occur where the Warrants or any exchanges or price sources are affected by market disruption, adjustment events or circumstances affecting normal activities;

- (b) *Volatility*. The term “**volatility**” refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to a relevant Reference Item. Volatility is affected by a number of factors such as macroeconomic factors (i.e. those economic factors which have broad economic effects), speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of a relevant Reference Item will move up and down over time (sometimes more sharply than at other times) and different relevant Reference Items will most likely have separate volatilities at any particular time;
- (c) *Dividend Rates and other Distributions*. The value of Warrants could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or other distributions on a relevant Reference Item;
- (d) *Creditworthiness*. Any prospective purchaser who purchases the Warrants is relying upon the creditworthiness of the Issuer and, if applicable, the Guarantor and has no rights against any other person. If the Issuer or the Guarantor, if applicable, becomes insolvent, purchasers may suffer potential loss of their entire investment irrespective of any favourable development of the other value determining factors, such as a relevant Reference Item; and
- (e) *Exchange Rates*. Even where payments in respect of the Warrants are not expressly linked to a rate or rates of exchange between currencies, the value of the Warrants could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Warrants is to be made and any currency in which a relevant Reference Item is traded, appreciation or depreciation of any such currencies and any existing or future or governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of the Warrants will be representative of the relevant rates of exchange used in computing the value of the Warrants at any time thereafter.

Some or all of the above factors will influence the price purchasers will receive if a purchaser sells its Warrants prior to exercise. For example, purchasers may have to sell certain Warrants at a substantial discount from the investment amount if the market price or value of the applicable relevant Reference Item is at, below, or not sufficiently above the initial market price or value.

Warrants are Unsecured Obligations of the Issuer and the Guarantor

The Warrants are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. Each issue of Warrants will be guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and rank *pari passu* among themselves, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

From 1st January, 2018, claims against the Guarantor under the Guarantee may be subject to bail-in

On 6th June, 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, known as the Recovery and Resolution Directive (the “**RRD**”). The stated aim of the draft RRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers provided to resolution authorities in the draft RRD include a bail-in tool comprising a general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (which may include claims against the Guarantor under the Guarantee, subject to certain

parameters as to which liabilities could be eligible for the bail-in tool). It is not currently contemplated that the bail-in tool (other than in relation to certain capital instruments) will be applied before 1st January, 2018.

The draft RRD is not in final form and changes are expected to continue to be made to it in the course of the legislative process. It is also not yet possible to assess the full impact of the draft RRD, including the extent to which the application of the bail-in tool will affect claims such as those against the Guarantor under the Guarantee. However, the exercise of any such tool or any suggestions of its exercise could materially adversely affect the value of the Warrants.

Warrantholders will not be able to exercise their rights against the Guarantor on an event of default in the event of the adoption of any resolution measure under Law 9/2012

The Guarantor and, indirectly, the Issuer, may be subject to a procedure of early intervention, restructuring or resolution under Law 9/2012 if the Guarantor or its group of consolidated credit entities is in breach of (or there are sufficient objective elements pursuant to which it is reasonable to foresee that they may breach) applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls.

Pursuant to Law 9/2012 the adoption of any early intervention, restructuring or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Guarantor to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 9/2012.

Accordingly, the above provisions of Law 9/2012 may limit the enforcement by a Warrantholder of any rights it may otherwise have against the Guarantor on the occurrence of any Event of Default (as defined in General Condition 9). In addition, pursuant to Directive 2001/24/EC on the reorganisation and winding up of credit institutions in EU Member States, Law 9/2012 and The Credit Institutions (Reorganisation and Winding up) Regulations 2004 of the United Kingdom, any resolution procedure is specified under Law 9/2012 to be a “reorganisation measure” for the purposes of Directive 2001/24/EC and, as such, will be effective in the United Kingdom in relation to the Guarantee as if it were a part of the general law of insolvency of the United Kingdom. Given the absence of any grandfathering provisions under Law 9/2012, this is the case for the Guarantee both in respect of those Warrants already in issue as well as any Warrants issued in the future.

Any enforcement by a Warrantholder of its rights under the Guarantee upon the occurrence of an Event of Default following the adoption of any resolution procedure will, therefore, be subject to the relevant provisions of Law 9/2012 in relation to the exercise of the relevant measures and powers pursuant to such procedure, which may include, among others, the sale of the Guarantor's business, the transfer of assets or liabilities of the Guarantor to a bridge bank and/or the transfer of assets or liabilities of the Guarantor to an asset management company. Any claims against the Guarantor under the Guarantee on the occurrence of an Event of Default will consequently be limited by the application of any measures pursuant to the provisions of Law 9/2012. There can be no assurance that the taking of any such action would not adversely affect the rights of Warrantholders, the price or value of their investment in the Warrants and/or the ability of the Guarantor to satisfy its obligations under the Guarantee and the enforcement by a Warrantholder of any rights it may otherwise have on the occurrence of any Event of Default may be limited in these circumstances.

Warrants may be amended without the consent of the Warrantholders or with the consent of only some of the Warrantholders binding all the Warrantholders

Subject as provided below, the Terms and Conditions of the Warrants may be amended by the Issuer and the Guarantor with the approval of the Principal Warrant Agent but without the consent of the Warrantholders if the amendment relates to:

- (a) any modification of the Warrants or the Warrant Agreement which is not materially prejudicial to the interests of the Warrantholders; or
- (b) any modification of the Warrants or the Warrant Agreement which is of a formal, minor or technical nature or is made to cure, correct or supplement any defective provision or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer or the Guarantor are incorporated or the law governing the Warrants.

In addition, other changes may be made to the terms and conditions with the consent of the Warrantholders. In order to make such changes without the unanimous consent of all the Warrantholders of the relevant Series, the Issuer requires the consent of not less than three quarters of the votes cast in respect of a resolution voted on at a meeting of Warrantholders convened for such purpose. Any such meeting will be quorate if at least one more than half (or three

quarters, in the case of certain reserved matters) of the aggregate number of outstanding Warrants of the relevant Series are represented, and in the case of an adjourned meeting, one quarter. Any dissenting Warrantholders will be bound by such changes. Therefore the Issuer may be able to make a change which some Warrantholders of the relevant Series have not consented to if the relevant portion of Warrantholders of the entire Series of Warrants has consented to the change.

The Issuer of the Warrants may be substituted without the consent of the Warrantholders

The Issuer of the Warrants may be replaced as obligor under such Warrants with the Guarantor or any company from BBVA's group. Warrantholders will not have the right to object to such substitution. See General Condition 12(a) (*Substitution of the Issuer*).

The Guarantor of the Warrants may be substituted without the consent of the Warrantholders

The Guarantor of the Warrants may be replaced as guarantor under such Warrants with another company incorporated anywhere in the world. Warrantholders will not have the right to object to such substitution. See General Condition 12(b) (*Substitution of the Guarantor*).

The Issue Price of the Warrants may be more than the market value of such Warrants as at the Issue Date and the price of the Warrants in the secondary market

The Issue Price in respect of any Warrant specified in the relevant Final Terms may be more than the market value of such Warrants as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Warrants in the secondary market. In particular, the Issue Price in respect of any Warrants may take into account amounts with respect to commissions relating to the issue, placement and sale of such Warrants and amounts relating to the hedging of the Issuer's obligations under such Warrants.

Any such difference may have an adverse effect on the value of the Warrants, particularly immediately following the Issue Date relating to such Warrants, where any such commissions may be deducted from the price at which such Warrants can be sold by the initial investor in the secondary market.

Because the Warrants may be held by or on behalf of Euroclear and Clearstream, Luxembourg, Euroclear Sweden or Euroclear Finland purchasers will have to rely on their procedures for transfer, payment and communication with the Issuer

Warrants issued under the Program may be represented by one or more temporary global warrants (each a “**Temporary Global Warrant**”) or permanent global warrants (each a “**Permanent Global Warrant**”) and together with the Temporary Global Warrant, the “**Global Warrants**”). Such Global Warrants may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Warrant, purchasers will not be entitled to receive definitive Warrants. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Warrants. While the Warrants are represented by one or more Global Warrant, purchasers will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg.

Notwithstanding the foregoing, Warrants issued in accordance with the Swedish Financial Instruments Accounts Act (Sw.: *Lagen (1998:1479) om kontoföring av finansiella instrument*) (the “**SFIA Act**”) (“**Swedish Warrants**”) will be issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act. No global or definitive Swedish Warrant will be issued with respect thereto. The Swedish Warrants will be transferable in accordance with the provisions of the SFIA Act, or applicable Swedish legislation and the rules and regulations applicable to, and/or issued by Euroclear Sweden AB (“**Euroclear Sweden**”).

Warrants issued in accordance with the Finnish Act on the Book-Entry System and Clearing Operations (749/2012, Fin.: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) (the “**BESCO Act**”) and the Finnish Act on Book-Entry Accounts (827/1991, Fin.: *Laki arvo-osuustileistä*) (the “**BEA Act**”) (“**Finnish Warrants**”) will be issued in uncertificated and dematerialised book-entry form in accordance with the aforementioned acts. No global or definitive Finnish Warrant will be issued with respect thereto. The Finnish Warrants will be transferable in accordance with the provisions of the aforementioned acts, or applicable Finnish legislation and the rules and regulations applicable to, and/or issued by Euroclear Finland Oy (“**Euroclear Finland**”).

Change in Law

The Conditions of the Warrants are governed by English law, or in the case of the Guarantee, Spanish law, in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to an administrative practice or change to English law or Spanish law, as applicable, after the date of this Base Prospectus.

Foreign Account Tax Compliance Act

The U.S. Foreign Account Tax Compliance Act (or “**FATCA**”) imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Warrants are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Warrants are discharged once it has paid the common depository for the clearing and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. Prospective investors should refer to the section “*Taxation – Foreign Account Tax Compliance Act.*”

Spanish Tax Rules

If according to certain criteria issued by the Spanish tax authorities, a particular warrant cannot be considered as an option for Spanish tax purposes but as a financial asset, any gain or loss deriving from the warrant will qualify as income obtained from the use of third party capital rather than a capital gain or loss. If this is the case, reporting obligations would be applicable and if they would not be met, payments would be made net of the applicable Spanish withholding tax (this is currently at the rate of 21%), as described in “*Spanish Taxation (B) Alternative Spanish Tax Treatment*” on page 201.

The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations if a particular warrant is considered as a financial asset is a summary only and none of the Issuers, the Guarantor or the Dealers, assumes any responsibility therefore. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the relevant Issuer will notify the holders of such information procedures and their implications, as the relevant Issuer may be required to apply withholding tax on distributions in respect of the relevant securities if the holders do not comply with such information procedures. **Warrantholders must seek their own advice to ensure that the relevant procedures comply with the correct tax treatment of their warrants.**

Market Disruption Events or Failure to Open of an Exchange

If an issue of Warrants includes provisions dealing with the occurrence of a Market Disruption Event or failure to open of an exchange on a Valuation Date, Observation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day, Knock-out Determination Day or an Averaging Date and the Calculation Agent determines that a Market Disruption Event or failure to open of an exchange has occurred or exists on such date, any consequential postponement of the Valuation Date, Observation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day, Knock-out Determination Day or Averaging Date or any alternative provisions for valuation provided in any such Warrants may have an adverse effect on the value of such Warrants. The timing of such dates (as scheduled or as so postponed or adjusted) may affect the value of the relevant Warrants such that the Warrantholder may receive a lower cash Settlement Amount or other payment under the relevant Warrants than otherwise would have been the case. The occurrence of such a Market Disruption Event or failure to open of an exchange in relation to any Reference Item comprising a basket may also have such an adverse effect on Warrants related to such basket. In addition, any such consequential postponement may result in the postponement of the date of settlement of the Warrants. These details of the events are described in the Annexes

Warrantholders may be required to pay certain Taxes and Expenses in relation to Warrants subject to Physical Delivery

Holders of Physical Delivery Warrants must pay all Taxes and Expenses relating to delivery of such Warrants. As defined in General Condition 3(e) *Physical Delivery Warrants*), “**Expenses**” means, in this Risk Factor, any expenses,

costs or charges or other payments (including depositary, custodial, registration, transaction and exercise charges) incurred by the Issuer in respect of the delivery of the Entitlement, and “**Taxes**” means, in this Risk Factor, all applicable stamp tax, stamp duty reserve tax, estate, inheritance, gift, transfer, capital gains, corporation, income, property, withholding, other taxes, duties and charges incurred by the Issuer in respect of the delivery of the Entitlement.

There are certain requirements to be fulfilled and payments to be made by the holder in order to receive Physical Delivery Warrants and failure to comply with such requirements may lead to the Warrant becoming void

In order to receive the Entitlement in respect of a Physical Delivery Warrant, the holder of such Warrant must deliver or send to the relevant Warrant Agent (in the case of any Bearer Warrants) or to the Registrar (in the case of any Registered Warrants), with a copy to the Calculation Agent, of an Exercise Notice on or prior to the relevant time on the relevant cut-off date and pay the relevant Taxes and Expenses. In the case of a Warrantholder participating in a Global Warrant or Global Warrant Certificate, the relevant Exercise Notice must be delivered to the relevant Clearing System(s) in accordance with their respective rules and procedures. If such Exercise Notice is not delivered before the relevant deadline, the Warrant shall become void.

Settlement Disruption Events

In the case of Physical Delivery Warrants, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement. As further described below, the Disruption Cash Settlement Price may be less than the fair market value of the Entitlement.

Option to Vary Settlement

If so indicated in the Final Terms, the Issuer may, in its sole and absolute discretion, elect to vary the settlement of the Warrants, by (i) in the case of Cash Settled Warrants, delivering or procuring delivery of the Entitlement instead of making payment of the Settlement Amount to the relevant Warrantholders or (ii) in the case of Physical Delivery Warrants, making payment of the Settlement Amount to the relevant Warrantholders instead of delivering or procuring delivery of the Entitlement. (*N.B. the Issuer's option to vary settlement is not applicable to Swedish Warrants or to Finnish Warrants.*)

Option to Substitute Assets or to Pay the Alternate Cash Amount

The Issuer may, in its sole and absolute discretion, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprise assets which are not freely tradable, elect either (i) to substitute a Substitute Asset or Substitute Assets, as the case may be, for the Relevant Asset or Relevant Assets or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute Assets, as the case may be, to the relevant holders, but in lieu thereof to make payment to the relevant holders on the Settlement Date of the Alternate Cash Amount.

Certain considerations relating to public offers of the Warrants

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

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

Some information regarding the Warrants, the offer and/or the listing may be determined after the publication of the Final Terms and will be made public in accordance with the procedures set out in the Final Terms.

Currency exchange conversions may affect payments on some Warrants

Warrants may be exercisable in a currency (the “**Specified Currency**”) that is not the same currency or currency unit as that in which a purchaser's financial activities are denominated (the “**Purchaser's Currency**”). This gives rise to certain risks, including the risk that exchange rates may significantly change (including changes due to devaluation of

the Specified Currency or revaluation of the Purchaser's Currency) and the risk that authorities with jurisdiction over the Purchaser's Currency may impose or modify exchange controls. An appreciation in the value of the Purchaser's Currency relative to the Specified Currency would decrease the Purchaser's Currency equivalent value of the Warrants.

Risk of Leveraged Exposure

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

Effect on the Warrants of hedging transactions by the Issuer

The Issuer may use a portion of the total proceeds from the sale of the Warrants for transactions to hedge the risks of the Issuer relating to the Warrants. In such case, the Issuer or any of its Affiliates may conclude transactions that correspond to the obligations of the Issuer under the Warrants. As a rule, such transactions are concluded prior to or on the issue date of the relevant Warrants, but it is also possible to conclude such transactions after such date. On or before a valuation date the Issuer or any of its Affiliates may take the steps necessary for closing out any hedging transactions. It cannot, however, be ruled out that the price of a relevant Reference Item will be influenced by such transactions. Entering into or closing out these hedging transactions may influence the probability of occurrence or non-occurrence of determining events in the case of Warrants with a value based on the occurrence of a certain event in relation to a relevant Reference Item.

Limitations on exercise of Warrants

If so indicated in the Final Terms, the Issuer will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all the Warrants that such Warrantholder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the Final Terms. Unless otherwise specified in the Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Minimum exercise amount of Warrants

If so indicated in the Final Terms, a Warrantholder must tender or, in the case of automatic exercise, hold, a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the value of the Entitlement (in the case of Physical Delivery Warrants) of such Warrants.

Time lag after exercise of Warrants

In the case of any exercise of Warrants, there will be a time lag between the time that a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) or the value of the Entitlement (in the case of Physical Delivery Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount or value of the Entitlement will be specified in the Final Terms. However, such delay could be significantly longer, particularly in the case of a delay in the exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a Market Disruption Event or the failure to open of an exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Foreign Exchange (FX) Rate Linked Warrants. The applicable Cash Settlement Amount or Entitlement may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount or Entitlement of the relevant Warrants, and may result in such Cash Settlement Amount or Entitlement being zero.

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

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

There may be regulatory consequences to the holder of holding Warrants linked to a certain Reference Item

There may be regulatory and other consequences associated with the ownership by certain purchasers of Warrants linked to a certain Reference Item. Each purchaser of Warrants must conduct its own investigation into its regulatory position with respect to the potential purchase of Warrants, and neither the Issuer nor the Guarantor assumes any obligation or liability whatsoever to such purchaser in such regard.

There are specific risks with regard to Warrants with a combination of Reference Items

An investment in Warrants with a combination of Reference Items will entail significant risks. A combination of the risks associated to the Reference Items may be significantly higher than the risks of each Reference Item considered on its own. On exercise of this type of Warrant, the Warrantholders will receive a Cash Settlement Amount or Entitlement (if any) determined by reference to the value of a combination of a number of different Reference Items.

No rights of ownership in the Reference Item(s)

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

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

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

Risks relating to Index Linked Warrants

The Issuer may issue Warrants where the Settlement Amount (if any) is dependent upon the level of an index or indices (“**Index Linked Warrants**”).

Potential investors in any such Warrants should be aware that depending on the terms of the Index Linked Warrants (i) settlement may occur at a different time than expected and (ii) they may lose all substantial portion of their investment if the value of the index/indices does not move in the anticipated direction. In addition, movements in the level of the index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the return to investors, even if the average level is consistent with their expectations.

If the Settlement Amount (if any) is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on the amount of potential losses incurred, will be magnified. See also risk factor “*Risk of Leveraged Exposure*” above.

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

Adjustment to indices for Index Linked Warrants

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

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

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

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

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

Risks relating to Equity Linked Warrants

The Issuer may issue Equity Linked Warrants where the Settlement Amount or the value of the Entitlement (if any) is dependent upon the price of or changes in the price of shares or a basket of shares (or depositary receipts) or, depending on the price of or change in the price of shares or the basket of shares (or depositary receipts), where the Issuer's obligation on exercise is to deliver a specified number of shares ("**Equity Linked Warrants**"). Accordingly an investment in Equity Linked Warrants may bear similar market risks to a direct equity investment and potential investors should take advice accordingly.

Potential investors in any such Warrants should be aware that, depending on the terms of the Equity Linked Warrants, (i) the Settlement or delivery of any specified shares and/or depositary receipts may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment if the value of the share(s) and/or depositary receipt(s) does not move in the anticipated direction. In addition, the movements in the price of the share or depositary receipt or basket of shares and/or depositary receipts may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share or shares may affect the return to investors, even if the average level is consistent with their expectations. If the Settlement Amount or the Entitlement (if any), as the case may be, is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on the amount of potential losses will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

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

A holder of Equity Linked Warrants will not be a beneficial owner of the underlying equity securities and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities, nor will a Warrantholder be entitled to purchase the underlying equity securities by virtue of their ownership of the relevant Equity Linked Warrants. Moreover, holders of the Warrants will not be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. Unless otherwise specified in the Final Terms, the Settlement Amount will not reflect the payment of any dividends on the underlying equity securities. Accordingly, the return on the Warrants will not reflect the return a purchaser would realise if it actually owned the underlying equity securities and received dividends, if any, paid on those securities.

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

Upon determining that a Potential Adjustment Event, Extraordinary Event or Additional Disruption Event has occurred in relation to an underlying share or the issuer of such underlying share, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Equity Linked Warrants and/or (ii) (in the case of an Extraordinary Event or an Additional Disruption Event) cause

cancellation of the Equity Linked Warrants, any of which determinations may have an adverse effect on the value of the Equity Linked Warrants.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the shares, (b) an extraordinary dividend, (c) a call of the shares that are not fully paid, (d) a repurchase by the issuer, or an affiliate thereof, of the shares, (e) a separation of rights from the shares or (f) any event having a dilutive or concentrative effect on the value of the shares. Extraordinary Events include (a) a delisting of the shares on an exchange, (b) an insolvency (where all the shares of the issuer of the underlying shares are transferred to a trustee, liquidator or similar official or may not be legally transferred) or bankruptcy of the issuer of the shares, (c) a merger event entailing the consolidation of the shares with those of another entity, (d) a nationalisation of the issuer of the shares or transfer of the shares to a governmental entity, or (e) a tender offer or takeover offer that results in transfer of the shares to another entity.

Extraordinary Events include (a) De-Listing, (b) Insolvency, (c) Merger Event, (d) Nationalization or (e) if specified to be applicable in the Final Terms, (i) Tender Offer, (ii) Listing Change, (iii) Listing Suspension and (iv) Illiquidity

Additional Disruption Events include (a) a change in applicable law since the Issue Date that makes it illegal to hold, acquire or dispose of the shares or more expensive for the Issuer to hedge its obligations under the relevant Equity Linked Warrants or (b) if specified to be applicable in the Final Terms, (i) an insolvency filing by or on behalf of the issuer of the underlying shares or (ii) Hedging Disruption or (iii) Failure to Deliver due to Illiquidity or (iv) Increased Cost of Hedging or (v) Increased Cost of Stock Borrow or (vi) Loss of Stock Borrow and (vii) Stop-Loss Event.

Risks relating to Inflation Linked Warrants

The Issuer may issue Warrants where the Settlement Amount (if any) is dependent upon the level of an inflation index or indices (“**Inflation Linked Warrants**”).

Potential investors in any such Warrants should be aware that depending on the terms of the Inflation Linked Warrants (i) settlement may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the level of the inflation index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the inflation index or indices may affect the return to investors, even if the average level is consistent with their expectations. In certain circumstances following cessation of publication of the inflation index, the Calculation Agent may determine that there is no appropriate alternative inflation index, in which case the Issuer may cancel the Warrants. Such action may have an effect on the value of the Warrants.

If the Settlement Amount (if any) is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on the amount of potential losses will be magnified. See also risk factor “*Risk of Leveraged Exposure*” above.

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

Risks relating to Fund Linked Warrants

The Issuer may issue Fund Linked Warrants where the Settlement Amount or the value of the Entitlement (if any) is dependent upon the price or changes in the price of units or shares in a fund or funds (including exchange traded fund(s)) or, depending on the price or changes in the price of units or shares in such fund or funds, where the Issuer's obligation on exercise is to deliver a specified amount of fund shares (“**Fund Linked Warrants**”). Accordingly an investment in Fund Linked Warrants may bear similar market risks to a direct fund investment and potential investors should take advice accordingly.

Prospective investors in any such Warrants should be aware that depending on the terms of the Fund Linked Warrants (i) the Settlement or delivery of any specified Fund Shares may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of units, shares or interests in the fund or funds may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the units or shares in the fund or funds may affect the return to investors, even if the average level is consistent with their expectations.

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

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

If the Settlement Amount or Entitlement amount deliverable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the units or shares of the fund or funds on amounts so payable or deliverable will be magnified. See also risk factor “*Risk of Leveraged Exposure*” above.

If the Settlement Amount or the Entitlement (if any), as the case may be, is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on the amount of potential losses will be magnified. See also risk factor “*Risk of Leveraged Exposure*” above.

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

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

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

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

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

Risks relating to Foreign Exchange (FX) Rate Linked Warrants and Currency Adjustment Warrants

The Issuer may issue Warrants where the Settlement Amount is dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Warrants are denominated (“**Foreign Exchange (FX) Rate Warrants**”). Accordingly an investment in Foreign Exchange (FX) Rate Warrants may bear similar market risks to a direct foreign exchange investment and potential investors should take advice accordingly.

Potential investors in any such Warrants should be aware that, depending on the terms of the Foreign Exchange (FX) Rate Warrants (i) the Settlement may occur at a different time or in a different currency than expected and (ii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the return to investors, even if the average level is consistent with their expectations.

The foreign exchange rate(s) to which the Warrants are linked will affect the nature and value of the investment return on the Warrants. The performance of foreign exchange rates are dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation,

imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency.

If the Settlement Amount is dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on amounts so payable will be magnified. See also risk factor “*Risk of Leveraged Exposure*” above.

Settlement Amounts payable or other obligations of the Issuer in respect of any Tranche of Warrants may be restricted upon the occurrence of certain disruption events applicable to the Warrants, if so specified in the Final Terms (the “**Currency Adjustment Warrants**”). A relevant disruption event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, or any other circumstance as provided in the Final Terms. Following a relevant disruption event in respect of Currency Adjustment Warrants, the Issuer shall be entitled to require the Calculation Agent to adjust the Warrants or to settle the Warrants early or to postpone payments or deliveries in respect of the Warrants so long as the relevant disruption event continues.

4. Market Factors

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

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

5. Potential Conflicts of Interest

The Issuer and/or the Guarantor are subject to various potential conflicts of interest in respect of the Warrants, which could have an adverse effect on the Warrants.

The Issuer, the Guarantor and its affiliates may take positions in or deal with Reference Item(s)

The Issuer, the Guarantor and its affiliates may:

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

The Calculation Agent, which will generally be the Guarantor or an affiliate of the Guarantor, has broad discretionary powers which may not take into account the interests of the Warrantholders

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

The Guarantor or an affiliate of the Guarantor may be the sponsor of an Index which is referenced by an Index Linked Warrant

The Guarantor proprietary index will generally be developed, owned, calculated and maintained by the Guarantor or an affiliate of the Guarantor, which would be responsible for the composition, calculation and maintenance of such

index. In such circumstances, the index sponsor would be under no obligation to take into account the interests of the Warrantholders of any Warrants referenced by such index. In such capacity as index sponsor, the Guarantor will have the authority to make determinations that could materially and adversely affect the value of the Warrants.

The Guarantor's securities as a Reference Item

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

Potential conflicts of interest relating to distributors or other entities involved in the offer or listing of the Warrants

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

INFORMATION INCORPORATED BY REFERENCE

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

- (a) the audited annual financial statements of the Issuer for the financial years ended 31st December, 2012 (http://www.rns-pdf.londonstockexchange.com/rns/5059D_-2013-4-29.pdf) and 31st December, 2011 (http://www.rns-pdf.londonstockexchange.com/rns/1294I_-2013-6-28.pdf) prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS"); and
- (b) the English translations of the audited consolidated annual financial statements of the Guarantor for the financial year ended 31st December, 2013 (which includes for comparison purposes financial data for the years ended 31st December, 2012 and 2011) and the unqualified audit report issued in respect thereof, prepared in accordance with EU-IFRS, which are available on the Guarantor's website (http://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/5_consolidated2013AnnualAccountst_BBVA_Group_tcm927-422876.pdf), the Spanish version of which (which is not incorporated by reference in this Base Prospectus) was filed with the Spanish Securities Market Commission (the "CNMV") and can be also consulted on their website (www.cnmv.es). And
- (c) the English translations of the audited consolidated annual financial statements of the Guarantor for the financial year ended 31st December, 2012 (which includes for comparison purposes financial data for the years ended 31st December, 2011 and 2010) and the unqualified audit report issued in respect thereof, prepared in accordance with EU-IFRS, which are available on the Guarantor's website (http://shareholdersandinvestors.bbva.com/TLBB/micros/informes2012/attachments/Annual_Report_2012_BBVA_Group.pdf). The Spanish version of which (which is not incorporated by reference in this Base Prospectus) was filed with the Spanish Securities Market Commission (the "CNMV") and can be also consulted on their website (www.cnmv.es);

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and/or the Guarantor and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the Issuer and the Guarantor at Paseo de la Castellana, 81, 28046 Madrid or on the Guarantor's website (www.bbva.com).

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

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

The Guarantor files periodic reports (including Annual Reports on Form 20-F) and other information with the US Securities and Exchange Commission (the "SEC"), which are available on the SEC's website (<http://www.sec.gov>), and investors are referred to such reports and other information for current information with respect to the Guarantor.

TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants (the “**General Conditions**”, and each, a “**General Condition**”) which will be completed for each Tranche of Warrants and incorporated by reference into each Global Warrant, Swedish Warrant and Finnish Warrant (each as defined below) and endorsed upon each definitive Warrant. The Final Terms (as defined below) (or the relevant provisions thereof) will be incorporated by reference into each Swedish and Finnish Warrant, and endorsed upon, or attached to, each Global Warrant, and each definitive Warrant, as applicable .*

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

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

Each warrant is one of a Series (as defined below) of Warrants issued by BBVA Global Markets B.V. as issuer (the “**Issuer**”), pursuant to the Warrant Agreement (as defined below).

References herein to the “Warrants” shall be references to the Warrants of a Series and shall mean:

- (i) in relation to any Warrants represented by a Global Warrant (as defined below) or a Global Warrant Certificate, each Warrant in such Series;
- (ii) any Global Warrant or Global Warrant Certificate;
- (iii) any definitive Warrants in bearer form (“**Definitive Bearer Warrants**”) issued in exchange for a Global Warrant (as defined below) and in registered form “Registered Warrants” (as defined below); and
- (iv) any Warrant in dematerialised uncertificated book-entry form.

The Warrants have the benefit of a Warrant Agreement (such Warrant Agreement as amended and/or supplemented and/or restated from time to time, the “**Warrant Agreement**”) dated 18 February 2014 and made between BBVA Global Markets B.V. as issuer (the “**Issuer**”), Banco Bilbao Vizcaya Argentaria, S.A. as guarantor (in such capacity, the “**Guarantor**”) and, unless otherwise specified in the Final Terms, Banco Bilbao Vizcaya Argentaria, S.A. as calculation agent (the “**Calculation Agent**”, which expression shall include any successor calculation agent or any other calculation agent specified in the Final Terms), Deutsche Bank AG, London Branch as principal warrant agent (the “**Principal Warrant Agent**”) and Deutsche Bank Luxembourg S.A. as Luxembourg warrant agent, registrar and transfer agent (the “**Luxembourg Warrant Agent**”, “**Registrar**” and “**Transfer Agent**”), which expressions shall include any successor Luxembourg warrant agent or registrar or any successor or additional transfer agent) and Skandinaviska Enskilda banken AB (publ) as Swedish warrant agent and Finnish warrant agent (the “**Swedish Warrant Agent**” and the “**Finnish Warrant Agent**”), which expression shall include any successor to Skandinaviska Enskilda banken AB (publ) provided that such successor is duly authorised under the Swedish Financial Instruments Accounts Act (Sw.: *Lagen (1998:1479) om kontoföring av finansiella instrument*) (the “**SFIA Act**”) with respect to the Swedish Warrants, and under the Finnish Act on the Book-Entry System and Clearing Operations (749/2012, *Fin.: Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) (the “**BESCO Act**”) with respect to the Finnish Warrants. The Principal Warrant Agent, Luxembourg Warrant Agent, Registrar and Transfer Agent, and the Swedish Warrant Agent and the Finnish Warrant Agent, together with any other agent specified in the Final Terms, are referred to collectively herein as the “**Warrant Agents**”, which expression shall include any successor principal warrant agent or any successor or additional warrant agent.

The payment and non-cash delivery obligations in respect of the Warrants have been guaranteed by the Guarantor pursuant to a guarantee (the “**Guarantee**”) dated 22 December 2011 and executed by the Guarantor. The original of the Guarantee is held by the Principal Warrant Agent on behalf of the Warrantholders.

Any reference to “**Warrantholders**” or “**holders**” in relation to any Warrants shall, subject as provided in General Condition 1(a), mean: (i) (in the case of Bearer Warrants (as defined below)) the holders of the Warrants and (in the case of Registered Warrants (as defined below)) the persons in whose name the Warrants are registered; (ii) in relation to any Warrants represented by a Global Warrant or a Global Warrant Certificate, be construed as provided below; (iii) in relation to Swedish Warrants (as defined below), the persons in whose names such Swedish Warrants are so registered in the Swedish Warrants Register (where a nominee (Sw.: *förvaltare*) is so evidenced it shall be treated as

the holder of the relevant Warrants) and (iv) in relation to Finnish Warrants (as defined below), the persons in whose names such Finnish Warrants are so registered in the Finnish Warrants Register (where a nominee (Fin.: *hallintarekisteröinnin hoitaja*) is so evidenced it shall be treated as the holder of the relevant Finnish Warrants. As used herein, “**Tranche**” means Warrants which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Warrants together with any further Tranche or Tranches of Warrants which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, and/or Issue Prices (each as defined below).

The Warrantholders are entitled to the benefit of the Deed of Covenant (the “**Deed of Covenant**”) dated 18 February 2014 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear Bank S.A./N.V. or any successor thereto (“**Euroclear**”), Euroclear Sweden (as defined below) or any successor thereto, Euroclear Finland (as defined below) or any successor thereto, and Clearstream Banking, société anonyme or any successor thereto (“**Clearstream, Luxembourg**”).

Copies of the Guarantee, the Warrant Agreement and the Final Terms (subject as set out above) are available for inspection during normal business hours at the specified offices of the Principal Warrant Agent, the Swedish Warrant Agent and the Finnish Warrant Agent, respectively. The Warrantholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Warrant Agreement, the Guarantee and the Final Terms which are applicable to them. The statements in the General Conditions include summaries of, and are subject to, the detailed provisions of the Warrant Agreement.

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

1. Form, Title and Transfer

Warrants may be issued in bearer form (“**Bearer Warrants**”) or in registered form (“**Registered Warrants**”) or in dematerialised uncertificated book-entry form in accordance with the SFIA Act (“**Swedish Warrants**”) or the BESCO Act and the Finnish Act on Book-Entry Accounts (827/1991, Fin.: *Laki arvo-osuustileistä*) (the “**BEA Act**”) (“**Finnish Warrants**”).

(a) Form and Title

(i) Bearer Warrants

- (A) *Form*: Each tranche of Warrants in global bearer form (a “**Global Warrant**”) will be initially issued in the form of a temporary global warrant (a “**Temporary Global Warrant**”) or a permanent global warrant (a “**Permanent Global Warrant**”) as indicated in the Final Terms which will be delivered on or prior to the original issue date to a common depository for Euroclear and Clearstream, Luxembourg. Bearer Warrants in definitive form will be serially numbered.
- (B) *Title*: Title to the Bearer Warrants will pass by delivery. “**Warrantholder**” or “**holder**” means the holder of such Bearer Warrant.
- (C) *Ownership*: The holder of any Bearer Warrant shall (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

(ii) Registered Warrants

- (A) *Form*: Registered Warrants may be evidenced by either an individual certificate if in definitive form (“**Individual Warrant Certificate**”) or a global certificate if in global form (“**Global Warrant Certificate**”).
- (B) *Title*: Title to the Registered Warrants passes by registration in the register which is kept by the Registrar in accordance with the provisions of the Warrant Agreement (the “**Register**”). A certificate (a “**Warrant Certificate**”) will be issued to each holder of Registered Warrants in respect of its registered holding. Each Warrant Certificate will be numbered serially with an identifying number which will be recorded in the Register. “**Warrantholder**” or “**holder**” means the person in whose name such Registered Warrant is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof).

(C) *Ownership*: The holder of any Registered Warrant shall (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any other interest therein, any writing thereon or on the Warrant Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

(iii) *Swedish Warrants*

(A) *Form*: Swedish Warrants are issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act. No global or definitive Swedish Warrants will be issued and the General Conditions will be construed accordingly.

(B) *Title*: Title to Swedish Warrants shall pass by transfer from a holder's book-entry account to another person's, whether a legal person or an individual, book-entry account within Euroclear Sweden (as defined below) (except where the Swedish Warrants are nominee-registered and are transferred from one account to another account with the same nominee).

(C) *Ownership*: The person appearing in the register (Sw.: *avstämningsregister*) for the Swedish Warrants kept by Euroclear Sweden on behalf of the Issuer (the "**Swedish Warrants Register**") will be treated as the holder of the relevant Swedish Warrants in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Title to the Swedish Warrants will pass by transfer between accountholders of the Euroclear Sweden system, perfected in accordance with applicable legislation (including the SFIA Act) and the then applicable rules and procedures of Euroclear Sweden. The Issuer shall cause such Securities to be accepted by Euroclear Sweden for clearing and registration in the Euroclear Sweden System in accordance with the SFIA Act and the then applicable rules and procedures of Euroclear Sweden.

The Issuer shall have access to the register of creditors (Sw.: *skuldboken*) in respect of the Swedish Warrants, unless the applicable Final Terms specify that the Issuer shall not have such access.

(iv) *Finnish Warrants*

(A) *Form*: Finnish Warrants are issued in uncertificated and dematerialised book-entry form in accordance with the BESCO Act and the BEA Act. No global or definitive Finnish Warrants will be issued and the General Conditions will be construed accordingly.

(B) *Title*: Title to Finnish Warrants shall pass by transfer from a holder's book-entry account to another person's, whether a legal person or an individual, book-entry account within Euroclear Finland (except where the Finnish Warrants are nominee-registered and are transferred from one account to another account with the same nominee).

(C) *Ownership*: Except as ordered by a court of competent jurisdiction or as required by law, the person in whose name the Finnish Warrant is registered on a book-entry account in the register for the Finnish Warrants kept by Euroclear Finland on behalf of the Issuer (the "**Finnish Warrants Register**") will be treated as the holder of the relevant Finnish Warrants in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Finland. Title to the Finnish Warrants will pass by transfer between accountholders of the Euroclear Finland system, perfected in accordance with applicable legislation (including the BESCO Act and the BEA Act) and the then applicable rules and procedures of Euroclear Finland. The Issuer shall cause such Finnish Warrants to be accepted by Euroclear Finland for clearing and registration in the Euroclear Finland system in accordance with the BESCO Act and the BEA Act and the then applicable rules and procedures of Euroclear Finland.

(D) Notwithstanding any secrecy obligation, the Issuer shall be entitled to obtain information (including but not limited to information on Warrantholders) from the register maintained by the Euroclear Finland as registrar on behalf of the Issuer in accordance with the rules of Euroclear Finland, and Euroclear Finland shall be entitled to provide such information to the Issuer notwithstanding any secrecy obligation. Furthermore, the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of the Finnish Warrants, provided

that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall be entitled to pass such information to the Finnish Warrant Agent or to authorize such Finnish Warrant Agent to acquire such information from Euroclear Finland directly.

(b) *Transfers of Warrants*

- (i) *Transfers*: Subject to General Conditions 1(b)(iv) (*Closed Periods*) and 1(b)(v) (*Regulations concerning transfers and registration*) below, a Registered Warrant may be transferred upon surrender of the relevant Warrant Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Registered Warrants represented by the surrendered Warrant Certificate are the subject of the transfer, a new Warrant Certificate in respect of the balance of the Registered Warrants will be issued to the transferor. Swedish Warrants will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (“**Euroclear Sweden**”). Finnish Warrants will be transferable only in accordance with the provisions of the BESCO Act and the BEA Act, other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland Oy (“**Euroclear Finland**”).
- (ii) *Registration and Delivery*: Within five business days of the surrender of a Warrant Certificate in accordance with General Condition 1(b)(i) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Warrant Certificate of a like number or nominal amount to the Registered Warrants transferred to each relevant holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this General Condition 1(b)(ii) (*Registration and Delivery*), “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.
- (iii) *No charge*: The transfer of a Registered Warrant will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such 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 transfer.
- (iv) *Closed Periods*: Holders of Registered Warrants may not require transfers to be registered during the period of 15 days ending on the due date for any payment or on the due date for delivery of any Reference Item in respect of the Registered Warrants. No holder of Swedish Warrants may require the transfer of a Swedish Warrant to be registered during a period which is the equivalent of any such closed period pursuant to the then applicable rules and procedures of Euroclear Sweden. No holder of Finnish Warrants may require the transfer of a Finnish Warrant to be registered during a period which is the equivalent of any such closed period pursuant to the then applicable rules and procedures of Euroclear Finland.
- (v) *Regulations concerning transfers and registration*: All transfers of Registered Warrants and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Warrants scheduled to the Warrant Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any holder of Registered Warrants who requests in writing a copy of such regulations. All transfers of Swedish Warrants are subject to any cut-off dates applicable to such Swedish warranties and are subject to any other rules and procedures for the time being of Euroclear Sweden. Euroclear Sweden’s rules and regulations may be downloaded from its website: <http://www.euroclear.com>

All transfers of Finnish Warrants are subject to any cut-off dates applicable to such Finnish Warrants and are subject to any other rules and procedures for the time being of Euroclear Finland. Euroclear Finland's rules and regulations may be downloaded from the address <https://www.euroclear.com/en/about/our-rules/euroclear-finland-rules.html>.

(c) *General provisions relating to the Warrants*

If so specified in the Final Terms, interests in any Warrants will be transferable in a minimum amount of such number of Warrants (the "**Minimum Transfer Number**") as is specified in the Final Terms.

Warrants may not be offered, sold, delivered or otherwise transferred at any time within the United States or for the account or benefit of U.S. persons (as such are used in Regulation S under the Securities Act or, in the case of Bearer Warrants, the United States Internal Revenue Code of 1986, as amended, and the CEA) and each Warrant will have a legend to such effect.

2. **Status of the Warrants and the Guarantee**

(a) *Status of the Warrants*

The Warrants are direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's right.

*In the event of insolvency of the Issuer, the court having jurisdiction to open an insolvency proceeding and the law applicable to those proceedings and their effects will be determined in accordance with the provisions of Council Regulation (EC) No 1346/2000, of 29 May 2000, on insolvency proceedings ("**Regulation 1346/2000**"), the Spanish Insolvency Law 22/2003, of 9 July 2003, as amended (the "**Spanish Insolvency Law**") and the Dutch Insolvency Law (faillissementswet) of 30 September 1893, as most recently amended on 1 July 2011 (the "**Dutch Insolvency Law**"). Pursuant to these provisions, the courts of the place where the Issuer has its centre of main interests shall have jurisdiction to open insolvency proceedings against it and the law applicable to the insolvency proceedings and their effects will be the law of the place where such proceedings are opened.*

Under Regulation 1346/2000 the centre of main interests should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In the case of a company or legal person, Regulation 1346/2000 presumes, in the absence of proof to the contrary, that the place of its registered office is the centre of main interests. Based on this presumption a Dutch court may consider that it has jurisdiction to open insolvency proceedings against the Issuer. Notwithstanding this presumption, it is arguable that the centre of main interests of the Issuer should be considered to be located in Spain and that the Spanish courts should be the courts with jurisdiction to open insolvency proceedings against it. In addition, even if the centre of main interests of the Issuer were not in Spain, Spanish court could still open insolvency proceedings (named territorial insolvency proceedings) if they consider that the Issuer has an establishment within the territory of Spain, the effects of which would be limited to the assets of the Issuer situated in Spain.

*In the event of insolvency (faillissement) of the Issuer declared by a Dutch court (either principal or territorial proceedings), claims relating to Warrants will be *pari passu* claims (concurrente vorderingen) as defined in the Dutch Insolvency Law. Ordinary claims rank below claims against the insolvency estate (boedelschuld) and claims with a privilege (voorrecht). Ordinary claims rank above subordinated credits and the rights of shareholders.*

In the event of insolvency (concurso) of the Issuer declared by a Spanish court (either principal or territorial insolvency proceedings) claims relating to Warrants (assuming that the Warrantholders are not related to the Issuer under article 93 of the Spanish Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency estate (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders.

(b) *Status of the Guarantee*

The payment and non-cash delivery obligations in respect of the Warrants have been irrevocably and jointly and severally (*solidariamente*) guaranteed by the Guarantor pursuant to the Guarantee.

The obligations of the Guarantor under the Guarantee constitute direct and unsecured obligations of the Guarantor and rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor.

In the event of insolvency (concurso) of the Guarantor, under the Spanish Insolvency Law, claims from Warrantholders under the Guarantee will fall within the category of ordinary credits (créditos ordinarios) as defined in the Spanish Insolvency Law unless they qualify by law as subordinated credits under Article 92 of the Spanish Insolvency Law. Ordinary credits will rank below credits against the insolvency estate (créditos contra la masa) and privileged credits (créditos privilegiados) which shall be paid in full before ordinary credits. The claims of all creditors considered as “ordinary credits” against the Guarantor will be satisfied pro rata in insolvency. Ordinary credits will rank above subordinated credits.

3. **Exercise of Warrants**

The Final Terms will indicate whether the Warrants are American style Warrants (“**American Style Warrants**”), European style Warrants (“**European Style Warrants**”) or Bermudan style Warrants (“**Bermudan Style Warrants**”) and whether settlement shall be by way of cash payment (“**Cash Settled Warrants**”) or physical delivery (“**Physical Delivery Warrants**”). In the case of Cash Settled Warrants, the Final Terms will also indicate whether automatic exercise (“**Automatic Exercise**”) is applicable.

If the Warrants are Swedish Warrants or Finnish Warrants, they will be European Style Warrants and Automatic Exercise will apply.

(a) *American Style Warrants*

American Style Warrants are exercisable on any Exercise Business Day prior to the expiry of the Exercise Period.

If (i) the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the Final Terms or (ii) if the Warrants are Physical Delivery Warrants, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in General Condition 4 (*Exercise Procedure*), at or prior to 10.00 a.m. (London time) on the last Exercise Business Day of the Exercise Period (the “**Expiration Date**”), shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the Final Terms, any such American Style Warrant shall become void unless automatically exercised on or prior to the Expiration Date. If automatically exercised the provisions of General Condition 4(a) (*Automatic Exercise*) shall apply.

The (i) Exercise Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m. (Local Time) to the relevant Clearing System and the copy thereof is received by the Principal Warrant Agent or, if the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the Final Terms, the Exercise Business Day on which the Warrants are automatically exercised, is referred to herein as the “**Actual Exercise Date**”.

If any Exercise Notice is received by the relevant Clearing System or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m. (London time) on any Exercise Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date.

(b) *European Style Warrants*

European Style Warrants are only exercisable on the Specified Exercise Date.

If the Warrants are Swedish Warrants or Finnish Warrants, the Warrants will be automatically exercised on the Specified Exercise Date.

If (i) the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the Final Terms or (ii) if the Warrants are Physical Delivery Warrants, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in General

Condition 4 (*Exercise Procedure*), at or prior to 10.00 a.m. (London time) on the Specified Exercise Date, shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the Final Terms, any such European Style Warrant shall be automatically exercised on the Specified Exercise Date and the provisions of General Condition 4(a) (*Automatic Exercise*) shall apply.

(c) *Bermudan Style Warrants*

Bermudan Style Warrants are exercisable on the Potential Exercise Dates specified in the Final Terms prior to the expiry of the Exercise Period.

If (i) the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the Final Terms or (ii) if the Warrants are Physical Delivery Warrants, any Bermudan Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in General Condition 4 (*Exercise Procedure*), at or prior to 10.00 a.m. (London time) (the “**Latest Exercise Time**”), on any Potential Exercise Date on or before the final such Potential Exercise Date (the “**Final Potential Exercise Date**”), shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the Final Terms, any such Bermudan Style Warrant shall become void unless previously automatically exercised on any Potential Exercise Date or on the Final Potential Exercise Date. If automatically exercised the provisions of General Condition 4(a) (*Automatic Exercise*) shall apply.

(d) *Cash Settlement*

If the Warrants (other than Swedish Warrants or Finnish Warrants) are specified in the Final Terms as being Cash Settled Warrants then, each such Warrant entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to an amount calculated in accordance with the Final Terms (the “**Settlement Amount**”) in the currency (the “**Settlement Currency**”) specified in the Final Terms (the “**Cash Settlement Amount**”).

If the Warrants are Swedish Warrants, payment of the Cash Settlement Amount (if any) will be made on the Settlement Date by Euroclear Sweden on behalf of the Issuer to the persons registered as holders of such Warrants in the register (Sw.: *avstämningsregister*) maintained by Euroclear Sweden (the “**Swedish Warrants Register**”) on the fourth Business Day (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time) immediately prior to the Settlement Date (the “**Swedish Record Date**”).

If the Warrants are Finnish Warrants, payment of the Cash Settlement Amount (if any) will be made to the persons registered as holders in the register maintained by Euroclear Finland on the third Business Day immediately prior to the Settlement Date (the “**Finnish Record Date**”). The Finnish Warrant Agent will pay the Cash Settlement Amount through Euroclear Finland to each holder appearing in the Euroclear Finland register on the Finnish Record Date on the Settlement Date.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the Final Terms for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places in the relevant Settlement Currency, 0.005 being rounded upwards, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants.

In relation to any Cash Settled Warrants where Automatic Exercise is specified as applying in the Final Terms, the expressions “**exercise**”, “**due exercise**” and related expressions shall be construed to apply to any such Cash Settled Warrants which are automatically exercised in accordance with the above provisions.

(e) *Physical Settlement*

- (i) *Physical Delivery Warrants:* If the Warrants are specified in the Final Terms as being “**Physical Delivery Warrants**”, then upon the exercise of a Warrant by a Warrantholder and subject to certification as to non-U.S. beneficial ownership, the Issuer will deliver or

procure the delivery of the Entitlement in respect of such Warrant on the Settlement Date to the account of the Clearing System specified, or as may otherwise be specified for that purpose by such Warrantholder in the relevant Exercise Notice, following payment by such Warrantholder to or to the order of the Issuer on or before the Exercise Price Payment Date of the Exercise Price (plus an amount equal to all applicable stamp tax, stamp duty reserve tax, estate, inheritance, gift, transfer, capital gains, corporation, income, property, withholding, other taxes, duties and charges (“**Taxes**”) or expenses, costs or charges or other payments (including depositary, custodial, registration, transaction and exercise charges) (“**Expenses**”) due by reason of the exercise of such Warrant and the purchase for, and credit to or to the order of such Warrantholder of such Entitlement, all as more fully described in General Condition 4 (*Exercise*)). Physical Delivery Warrants may not be automatically exercised.

- (ii) *Settlement Disruption*: If, following the exercise of Physical Delivery Warrants, in the opinion of the Calculation Agent, delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Holder in respect of that partial settlement. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by payment to the relevant Holder of the Disruption Cash Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the holders in accordance with General Condition 9 (*Notices*). Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the holders in accordance with General Condition 9 (*Notices*). The Calculation Agent shall give notice as soon as practicable to the holders in accordance with General Condition 9 (*Notices*) that a Settlement Disruption Event has occurred. No Holder shall be entitled to any payment in respect of the relevant Warrant in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Guarantor.

For the purposes hereof:

“**Disruption Cash Settlement Price**” in respect of any relevant Warrant shall be the fair market value of such Warrant (disregarding, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if applicable and if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion);

“**Settlement Business Day**” in respect of each Warrant, has the meaning specified in the Final Terms relating to such Warrant; and

“**Settlement Disruption Event**” means, in the opinion of the Calculation Agent an event beyond the control of the Issuer or the Guarantor as a result of which the Issuer or the Guarantor, as the case may be, cannot make or procure delivery of the Relevant Asset(s).

- (iii) *Failure to Deliver due to Illiquidity*: If “Failure to Deliver due to Illiquidity” is specified as applying in the Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the “**Affected Relevant Assets**”) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a “**Failure to Deliver due to Illiquidity**”), then:

- (1) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated date of settlement in accordance with this General Condition 3(e); and
- (2) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrants by payment to the relevant Warrantholder of the Failure to Deliver Settlement Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with General Condition 9. Payment of the Failure to Deliver Settlement Amount will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 9 that the provisions of this General Condition 3(e)(iv) apply.

For the purposes hereof, “**Failure to Deliver Settlement Amount**” means, in respect of any relevant Warrant, the fair market value of such Warrant (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

- (v) *Issuer's Option to Substitute Assets or to pay the Alternate Cash Settlement Amount*: Notwithstanding any provision of these General Conditions to the contrary, the Issuer may, in its sole and absolute discretion in respect of Warrants to which this General Condition 3(e) applies, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprises assets which are not freely tradable, elect either (i) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other assets which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the “**Substitute Asset**” or the “**Substitute Assets**”, as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute Assets, to the relevant Warrantholders, but in lieu thereof to make payment to the relevant Warrantholder on the Delivery Date of an amount equal to the fair market value of the Entitlement on or about the time of so electing as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the “**Alternate Cash Settlement Amount**”). Notification of any such election will be given to Warrantholders in accordance with General Condition 9 and in the event that the Issuer elects to pay the Alternate Cash Settlement Amount such notice shall give details of the manner in which such amount shall be paid.

For purposes hereof, a “**freely tradable**” security shall mean (i) with respect to the United States, a security which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradable security for purposes of the Securities Act, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdiction.

- (vi) *Rights of Warrantholders and Calculations* None of the Issuer, the Guarantor (if applicable), the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Warrants.

The purchase of Warrant does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

(f) *Definitions*

For the purposes of these General Conditions:

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

“**Business Day**” means a day which is both:

- (i) (a) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (and which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (b) in relation to any sum payable in euro, a day (a “**Target Settlement Day**”) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET System**”) is open;
- (ii) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the Final Terms; and
- (iii) in the case of Swedish Warrants and Finnish Warrants, in addition to (i) and/or (ii) above, shall have the meaning ascribed to such terms in the rules and regulations applicable to, and/or issued by, Euroclear Sweden or Euroclear Finland, respectively.

“**Cash Settlement Date**” means the date specified as such in the Final Terms or, if such date is not a Business Day, the next succeeding Business Day and if no such date is specified then the Cash Settlement Date shall be the date falling five Business Days following the relevant Exercise Date;

“**CEA**” means the United States Commodity Exchange Act, as amended;

“**Entitlement**” means, in relation to a Physical Delivery Warrant and (if applicable) each Calculation Amount, the quantity of Relevant Asset(s), as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in respect of each such Warrant or each such Calculation Amount, as the case may be, following payment of the Exercise Price (including any Taxes and Expenses) equal to the Entitlement Amount specified in the Final Terms (plus any cash amount to be delivered as a result of rounding down), as determined by the Calculation Agent, (and including any documents evidencing such Entitlement);

“**Exercise Business Day**” means a day that is a Business Day and, in the case of Index Linked Warrants or Equity Warrants Linked or Fund Linked Warrants, also a Scheduled Trading Day;

“**Exercise Date**” means, in respect of any Warrant, (i) if Automatic Exercise is specified as being applicable in the Final Terms, the Automatic Early Expiration Date, Actual Expiration Date, Specified Exercise Date or Potential Exercise Date on which such Warrant is automatically exercised in accordance with General Condition 4(a) (*Automatic Exercise in respect of Global Warrants or Global Warrant Certificates*), or (ii) the Automatic Early Expiration Date, Actual Exercise Date, Specified Exercise Date or Potential Exercise Date in respect of which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of General Condition 4(b) (*Exercise Notice*);

“**Exercise Notice**” means any notice in the form scheduled to the Warrant Agreement (or such other form as may from time to time be agreed by the Issuer and the Principal Warrant Agent) which is delivered by a Warrantholder in accordance with General Condition 4(b) (*Exercise Notice*);

“**Exercise Period**” has the meaning given to it in the Final Terms;

“**Exercise Price**” means, in respect of any Series of Warrants, the price, level or amount specified as such or otherwise determined as provided in the Final Terms;

“**Exercise Price Payment Date**” has the meaning given to it in the Final Terms;

“**Exercise Receipt**” means a receipt issued by a Warrant Agent or the Registrar to a depositing Warrantholder upon deposit of a Warrant with such Warrant Agent or the Registrar by any Warrantholder wanting to exercise a Warrant;

“**Maximum Exercise Number**” has the meaning given to it in the Final Terms;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality;

“**Physical Delivery Settlement Date**” means, in relation to an Entitlement to be delivered following exercise of a Warrant on an Exercise Date, the first day on which settlement of a sale of such Entitlement on that Exercise Date customarily would take place through the relevant Clearing System, unless a Settlement Disruption Event prevents delivery of such Entitlement, or of some or all of the Relevant Assets included within such Entitlement, on that day in which case the day of settlement shall be postponed as provided in General Condition 3(e)(iv) (*Settlement Disruption*);

“**Potential Exercise Date**” means each date specified as such in the Final Terms (or, if such date is not an Exercise Business Day, the next following Exercise Business Day);

“**Reference Item**” means one or more underlying reference assets or bases, as specified in the Final Terms;

“**Relevant Assets**” means shares, bonds, other debt securities, other securities or other property specified as such in the Final Terms, and “**Relevant Asset**” shall be construed accordingly;

“**Settlement Date**” means a Cash Settlement Date or a Physical Delivery Settlement Date, as the case may be; and

“**Specified Exercise Date**” means the date specified as such in the Final Terms (or, if such date is not a Exercise Business Day the next following date that is a Exercise Business Day).

4. Exercise Procedure

(a) *Automatic Exercise*

This General Condition only applies to Cash Settled Warrants other than Warrants in definitive or individual certificate form and, where an Automatic Exercise is specified as applying in the Final Terms. In such circumstances, the Warrants shall be automatically exercised as provided in General Condition 3(a) (*American Style Warrants*), General Condition 3(b) (*European Style Warrants*) or General Condition 3(c) (*Bermudan Style Warrants*) and this General Condition 4(a), in each case subject to any adjustments as may be specified in the applicable Annex(es) .

No Exercise Notice is required to be submitted or any other action required to be taken by any relevant Warrantholder in order to receive the Cash Settlement Amount in respect of such Warrant. The Issuer shall transfer or cause to be transferred to each Clearing System through which such Warrants are held an amount equal to the aggregate of the Cash Settlement Amounts (if any) in respect of the Warrants held in each such Clearing System and each such Clearing System shall, subject to having received such aggregate Cash Settlement Amount, on the Settlement Date credit the account of each holder of such Warrant(s) in its books with an amount equal to the aggregate Cash Settlement Amount relating to the Warrant(s) held by such holder and on the Settlement Date debit such account with the number of Warrants exercised and in respect of which such Cash Settlement Amount is being paid. Neither the Issuer nor, if applicable, the Guarantor shall have any responsibility for the crediting by the relevant Clearing System of any such amounts to any such accounts.

(b) *Exercise Notice*

- (i) Warrants may be exercised by a Warrantholder (at its own expense) at such time and on such day(s) as provided in General Condition 3(a) (*American Style Warrants*), 3(b) (*European Style Warrants*) or 3(c) (*Bermudan Style Warrants*), as applicable, in each case subject to any adjustments as may be specified in the applicable Annex(es), by (i) depositing from a location outside the United States the relevant definitive Bearer Warrant or Individual Warrant Certificate (as applicable) and delivering from a location outside the United States a duly completed and signed Exercise Notice to a Warrant Agent (in the case of any Bearer Warrants) or to the Registrar (in the case of any Registered Warrants) and (ii) delivering a copy of such Exercise Notice to the Calculation Agent.
- (ii) Any Exercise Notice delivered (a) after the Expiration Date, in the case of American Style Warrants, shall be void, (b) after 10.00 a.m. (London time) on the Specified Exercise Date,

in the case of European Style Warrants, shall be void, and (c) after the Latest Exercise Time on the Final Potential Exercise Date in the case of Bermudan Style Warrants, shall be void.

- (iii) The relevant Warrant Agent or the Registrar (as applicable) with which a definitive Bearer Warrant or Individual Warrant Certificate is so deposited shall deliver a duly completed Exercise Receipt to the depositing Warrantholder.
- (iv) No definitive Bearer Warrant or Individual Warrant Certificate, once deposited with a duly completed Exercise Notice in accordance with this General Condition 4 (*Exercise Procedure*), may be withdrawn; *provided however that* if, following due presentation of any such definitive Bearer Warrant or Individual Warrant Certificate, payment of the moneys falling due is improperly withheld or refused by the Issuer, the relevant Warrant Agent or the Registrar (as applicable) shall mail notification thereof to the depositing Warrantholder at such address as may have been given by such Warrantholder in the relevant Exercise Notice and shall hold such definitive Bearer Warrant or individual Warrant Certificate at its specified office for collection by the depositing Warrantholder against surrender of the relevant Exercise Receipt.

(c) *Form of Exercise Notice for Cash Settled Warrants*

If the Warrants are specified in the Final Terms as being Cash Settled Warrants the Exercise Notice shall:

- (i) specify the name, address, telephone and facsimile details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of the relevant Series being exercised by the Warrantholder (which must not be less than the Minimum Exercise Number);
- (iii) include an irrevocable undertaking to pay any applicable Taxes due and Expenses payable by reason of exercise of the relevant Warrants and, if such amounts have not been paid prior to the Settlement Date, an authority to the Issuer to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder (on the Settlement Date) and to credit the specified account of the Principal Warrant Agent (for the account of the relevant Issuer) with an amount or amounts in respect thereof;
- (iv) specify the details of the relevant account of the Warrantholder to be credited with the relevant Cash Settlement Amount;
- (v) contain a representation and warranty from the Warrantholder to the effect that the Warrants to which the Exercise Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (vi) give a certification as to the non-U.S. beneficial ownership of the Warrants being exercised therewith (an “**Ownership Certificate**”).

(d) *Form of Exercise Notice for Physical Delivery Warrants*

If the Warrants are specified in the Final Terms as being Physical Delivery Warrants the Exercise Notice shall:

- (i) specify the name, address, telephone and facsimile details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of the relevant Series being exercised by the Warrantholder (which must not be less than the Minimum Exercise Number);
- (iii) in the case of Physical Delivery Warrants, include an irrevocable undertaking to pay on or prior to the Exercise Price Payment Date to the specified account of the Principal Warrant Agent (for the account of the Issuer) the aggregate Exercise Price in respect of the Warrants being exercised (plus any applicable Taxes and Expenses);
- (iv) include an irrevocable undertaking to pay to the specified account of the Principal Warrant Agent (for the account of the Issuer) any applicable Taxes due and Expenses payable by reason of the transfer (if any) of the Entitlement to the account specified by the Warrantholder to the account of the Issuer with an amount in respect thereof;
- (v) specify the details of the Warrantholder's account to be credited with the Entitlement;

- (vi) contain a representation and warranty from the Warrantholder to the effect that the Warrants to which the Exercise Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (vii) give an Ownership Certificate in respect of the Warrants being exercised therewith; and
- (e) *Verification of the Warrantholder*
 - (i) To exercise Warrants the holder thereof must duly complete an Exercise Notice. The relevant Warrant Agent or the Registrar shall, in accordance with its normal operating procedures, verify that each person exercising the Warrants and Certificates is the holder thereof.
 - (ii) If, in the determination of the relevant Warrant Agent or the Registrar:
 - (A) the Exercise Notice is not complete or not in proper form;
 - (B) the person submitting an Exercise Notice is not validly entitled to deliver such Exercise Notice on behalf of the relevant Warrantholder (in the case of Bearer Warrants) or the person submitting an Exercise Notice is not validly entitled to exercise the relevant Warrants or not validly entitled to deliver such Exercise Notice (in the case of Registered Warrant); or
 - (C) the relevant Warrantholder does not provide evidence, at the reasonable request of the relevant Warrant Agent or the Registrar, that sufficient funds equal to any applicable Taxes, Expenses and the aggregate Exercise Price (if any) will be available on the Exercise Date,

that Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted if exercise of the holder's Warrants is still desired. The Issuer shall procure that the Principal Warrant Agent, upon being informed of the defective Exercise Notice in accordance with General Condition 4(f)(i), below, informs the person submitting such defective Exercise Notice of the defect(s) and of the requirement to submit a new duly completed Exercise Notice if such person intends to exercise the relevant Warrants on the relevant Exercise Date.
 - (iii) Any determination by the relevant Warrant Agent or the Registrar as to any of the matters set out in General Condition 4(e)(ii) above shall, in the absence of manifest error, be conclusive and binding upon the Issuer and the holder of the Warrants purported to be exercised.
 - (iv) In the case of Warrants the exercise of which would require the Issuer to deliver indebtedness in bearer form, the issue of, payment on and delivery of the Warrants and the indebtedness will be subject to the limitations set out in these Conditions (including the requirement of the holders to provide an Ownership Certificate).
- (f) *Notification to the Principal Warrant Agent*
 - (i) Subject to the verification set out in General Condition 4(e) (*Verification of the Warrantholder*) above, the relevant Warrant Agent or the Registrar will either (a) confirm to the Principal Warrant Agent (copied to the Issuer and the Calculation Agent) the receipt of the Exercise Notice and the number of Warrants being exercised, or (b) inform the Principal Warrant Agent (copied to the Issuer and the Calculation Agent) of the defective Exercise Notice.
 - (ii) Upon the exercise in part of the total number of Warrants represented by a definitive Bearer Warrant or an individual Registered Warrant, the Principal Warrant Agent or the Registrar, as the case maybe, will note such exercise and, in the case of Bearer Warrants and Bearer Certificates, the Principal Warrant Agent or, in the case of the Registered Warrants, the Registrar, shall cancel the relevant definitive Bearer Warrant or individual Registered Warrant (as applicable) deposited and issue the holder of the relevant Warrant with a new definitive Bearer Warrant or individual Registered Warrant (as applicable) representing the number of the holder's Warrants not exercised.
- (g) *Payment and delivery – Bearer Warrants*
 - (i) In respect of Bearer Warrants which have been exercised and which are specified in the Final Terms as being Cash Settled Warrants payments in respect of any amounts in respect of a Bearer Warrant shall be made only following presentation and surrender of such Bearer Warrants at the specified office of the relevant Warrant Agent outside the United States by

cheque drawn in the currency in which the payment is due on, or upon application of a holder or a Bearer Warrant, by transfer to the account specified by the relevant Warrantholder in the Exercise Notice denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency.

- (ii) In respect of Bearer Warrants which have been exercised and which are specified in the Final Terms as being Physical Delivery Warrants to transfer of the Exercise Price (plus any applicable Taxes and Expenses) by the Warrantholder to the relevant account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid, the Issuer shall, on the Settlement Date deliver or procure the delivery of the Entitlement in respect of each Bearer Warrant for credit to the account specified in the relevant Exercise Notice. The Issuer shall be entitled, if it so elects, to divide any Entitlement to be transferred into such number of lots of such size as it desires to facilitate its delivery obligations.
 - (iii) Exercise of the Bearer Warrants and payments and deliveries by the Issuer and the Warrant Agents will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations) and none of the Issuer, the Guarantor or any Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices.
 - (iv) If the due date for payment or delivery in respect of the Bearer Warrants is not a Business Day, the holder of the Bearer Warrants shall not be entitled to payment or delivery until the next following Business Day and shall not be liable for any interest or other payment in respect of such delay.
- (h) *Payment and delivery – Registered Warrants*
- (i) In respect of Registered Warrants which have been exercised in full and which are specified in the Final Terms as being Cash Settled Warrants payments in respect of any amounts in respect of a Registered Warrant shall be made only following surrender of the relevant Warrant Certificate at the specified office of the Registrar outside the United States by cheque drawn in the currency in which the payment is due on, or, upon application of a holder of a Registered Warrant, by transfer to the account specified by the relevant Warrantholder in the Exercise Notice denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency not later than the Business Day that is not later than fifteen days prior to the due date for payment.
 - (ii) In respect of Registered Warrants which have been exercised and which are specified in the Final Terms as being Physical Delivery Warrants subject to transfer of the Exercise Price (plus any applicable Taxes and Expenses) from the relevant account of the Warrantholder to the relevant account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid, the Issuer shall, on the Settlement Date deliver or procure the delivery of the Entitlement in respect of each Registered Warrant for credit to the account specified in the relevant Exercise Notice. The Issuer shall be entitled, if it so elects, to divide any Entitlement to be transferred into such number of lots of such size as it desires to facilitate its delivery obligations.
 - (iii) Exercise of the Registered Warrants and payments and deliveries by the Issuer and the Warrant Agents will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations) and none of the Issuer, the Guarantor or any Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices.
 - (iv) Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Business Day, for value the next succeeding Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed on the later of the due date for payment and the day on which the relevant Warrant Certificate is surrendered at the specified office of the Registrar. A holder of a Registered Warrant shall not be entitled to any interest or other payment in respect of any delay in

payment resulting from (A) the due date for a payment not being a Business Day or (B) a cheque mailed in accordance with this General Condition 4 (*Exercise Procedure*) arriving after the due date for payment or being lost in the mail.

- (v) Each payment or delivery in respect of a Registered Warrant will be made to the person shown as the holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "Record Date"). Where the payment in respect of a Registered Warrant is to be made by cheque, the cheque will be mailed to the address of the holder in the Register at the opening of business on the relevant Record Date.

(i) *Payments in respect of Swedish Warrants*

Payments in respect of Swedish Warrants will be made by Euroclear Sweden on behalf of the Issuer on the due date for payments to the persons that are registered as holders in the Swedish Warrants Register on the date falling four (4) Business Days (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time), prior to such due date for such payment. If the date for payment of any amount in respect of Swedish Warrants is not a Payment Date, the holder thereof shall not be entitled to payment until the next following Payment Date and shall not be entitled to interest or other payment in respect of such delay.

(j) *Payments in respect of Finnish Warrants*

Payments in respect of the Finnish Warrants will be made by the Finnish Warrant Agent through Euroclear Finland on the due date for payments to the persons that are registered as holders in the Finnish Warrants Register on the date falling three (3) Banking Days (or in accordance with the rules and procedures applied by Euroclear Finland from time to time), prior to such due date for such payment. If the date for payment of any amount in respect of Finnish Warrants is not a Payment Date, the holder thereof shall not be entitled to payment until the next following Payment Date and shall not be entitled to interest or other payment in respect of such delay.

(k) *Effect of Exercise Notice*

- (i) For so long as any Warrant is held by a Warrant Agent, the Registrar or the Transfer Agent in accordance with this General Condition 4 (*Exercise Procedure*), the depositor of the relevant definitive Bearer Warrant or Individual Warrant Certificate and not such Warrant Agent, Registrar or Transfer Agent (as applicable) shall be deemed to be the Warrantholder for all purposes.
- (ii) Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, provided that, in the case of a Registered Warrant, the person exercising and delivering such Exercise Notice is the person then appearing in the Register as the holder of the relevant Registered Warrant. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become void and shall be deemed not to have been so delivered.
- (iii) After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to General Condition 4(b)(ii)) by a Warrantholder, such Warrantholder shall not be permitted to transfer either legal or beneficial ownership of the Warrants exercised thereby. Notwithstanding this, if any Warrantholder does so transfer or attempt to transfer such Warrants, the Warrantholder will be liable to the Issuer and the Guarantor for any losses, costs and expenses suffered or incurred by either of them including those suffered or incurred as a consequence of their having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently: (i) entering into replacement hedging operations in respect of such Warrants; or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

(l) *General*

- (i) *Aggregation:* Warrants held by the same Warrantholder may be aggregated for the purpose of determining the aggregate Entitlement in respect of such Warrants, provided that, the aggregate Entitlement in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be,

in such manner as the Calculation Agent shall determine. Fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Warrantholder.

- (ii) *Dividends in respect of Physical Delivery Warrants:* If, in the case of Physical Delivery Warrants, the Relevant Assets to be delivered on the Settlement Date include shares, all dividends on the relevant shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the shares executed on the Settlement Date and to be delivered in the same manner as such relevant shares. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in General Condition 4 (Exercise Procedure).
 - (iii) *Limitation on rights of Warrantholders during Intervening Period:* For such period of time after delivery of the Entitlement as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the Relevant Assets (the “**Intervening Period**”), none of the Issuer, the Guarantor, the Warrant Agents, the Registrar or the Transfer Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Warrantholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such Relevant Assets, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such Relevant Assets or (iii) be under any liability to a Warrantholder in respect of any loss or damage which such Warrantholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such Relevant Assets.
 - (iv) *Replacements:* If any Warrant or Warrant Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Warrant Agent, in the case of Bearer Warrants, or the Registrar, in the case of Registered Warrants, during normal business hours (and, if the Warrants are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Warrant Agent or a Transfer Agent in any particular place, the Warrant Agent or Transfer Agent having its specified office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced forms must be surrendered before replacements will be issued. For the avoidance of doubt, this General Condition shall not apply to the Swedish Warrants or Finnish Warrants.
- (m) *Force Majeure and Illegality*
 - (i) The Issuer shall have the right to cancel the Warrants if it shall have determined, in its sole and absolute discretion, that its performance thereunder shall have become or will be unlawful in whole or in part as a result of compliance in good faith by the Issuer or the Guarantor with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power (“**applicable law**”).
 - (ii) In such circumstances the Issuer will, however, if and to the extent permitted by applicable law, pay to each Warrantholder in respect of each Warrant held by it an amount determined by the Calculation Agent, in its sole and absolute discretion, as representing the fair market value of such Warrant immediately prior to such cancellation (ignoring such illegality) less the cost to the Issuer of, or the loss realised by the Issuer on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9 (*Notices*).
- (n) *Limitations on Rights of Warrantholders and Calculations*
 - (i) *Relevant Assets:* The purchase of Warrants does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

- (ii) *Calculations:* Any discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the Issuer and all Warrantholders. None of the Issuer, the Guarantor or the Calculation Agent shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Warrants.

5. Limitations on the number of Warrants exercisable

(a) *American Style Warrants*

This General Condition 5(a) applies only to American Style Warrants.

- (i) The number of Warrants exercisable on any Actual Exercise Date (whether pursuant to Automatic Exercise or by delivery of an Exercise Notice by the relevant Warrantholder, in each case as determined by the Issuer), must not be less than the Minimum Exercise Number (if any) specified in the Final Terms. If the number of Warrants purported to be exercised by a Warrantholder on any Actual Exercise Date (or, in the case of Automatic Exercise, the number of Warrants held by such Warrantholder on the Actual Exercise Date) is greater than any Minimum Exercise Number specified in the Final Terms, such Warrants may only be exercised in integral multiples of the such Minimum Exercise Amount. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the “**Quota**”), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(b) *European Style Warrants*

This General Condition 5(b) applies only to European Style Warrants.

The number of Warrants exercisable by any Warrantholder on the Specified Exercise Date, as determined by the Issuer, must not be less than the Minimum Exercise Number (if any) specified in the Final Terms. If the number of Warrants purported to be exercised by a Warrantholder on the relevant Specified Exercise Date is greater than any Minimum Exercise Number specified in the Final Terms, such Warrants may only be exercised in integral multiples of such Minimum Exercise Amount. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

(c) *Bermudan Style Warrants*

This General Condition 5(c) applies only to Bermudan Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Potential Exercise Date (or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder on the Final Potential Exercise Date, in each case as determined by the Issuer), must not be less than the Minimum Exercise Number (if any) specified in the Final Terms. If the number of Warrants purported to be exercised by a Warrantholder on any Potential Exercise Date (or, in the case of Automatic Exercise, the number of Warrants held by such Warrantholder on the Final Potential Exercise Date) is greater than any Minimum Exercise Number specified in the Final Terms, such Warrants may only be exercised in integral multiples of the such Minimum Exercise Amount. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Potential Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in

concert) exceeds the Quota, the Issuer may deem the Potential Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Potential Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each succeeding Potential Exercise Date until all such Warrants have been attributed with a Potential Exercise Date, provided, however, that the deemed Potential Exercise Date for any such Warrants which would thereby fall after the Final Potential Exercise Date shall fall on the Final Potential Exercise Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

6. Taxation

- (a) Neither the Issuer nor the Guarantor shall be liable for, or otherwise obliged to pay, any Taxes in The Netherlands which may arise as a result of the ownership, transfer or exercise of any Warrants.
- (b) If it is specified in the Final Terms that a particular warrant is considered as an “option” for Spanish tax purposes neither the Issuer nor the Guarantor shall be liable for, or otherwise obliged to pay, any Taxes in the Kingdom of Spain which may arise as a result of the ownership, transfer or exercise of any Warrants.
- (c) If it is specified in the Final Terms that a particular warrant is considered as a “financial asset” for Spanish tax purposes, all payments in respect of the Warrants by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Spain or any political subdivision or authority thereof or therein having the power to tax unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Warrants after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Warrants, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Warrants:
 - (i) Presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Warrant by reason of his having some connection with Spain other than the mere holding of such Warrant; or
 - (ii) Presented for payment more than 30 days after the Relevant Date as defined below except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Date (as defined also below); or
 - (iii) Presented for payment and delivery (in the case of Warrants with physical delivery) in respect of the Warrants and under the Guarantee will be subject to Spanish withholding tax if the relevant Warrant Agent does not submit to the Issuer the corresponding annex as is required in order to comply with Additional Provision Two of Spanish Law 13/1985, Spanish Royal Decree 1065/2007 of 27 July as amended by RD 1145/2011 (and any other regulations or interpretations that may be enacted by the Government or the Tax Authorities), no later than the 10th calendar day of the month following the relevant date upon which the payment was due (or if such date is not a day on which commercial banks are open for general business in Spain, the immediately preceding such date), or
 - (iv) Where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (v) Presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Warrant to another Warrant Agent in a Member State of the European Union.
- (d) Both the Issuer and the Guarantor shall be permitted to withhold or deduct any amounts required by the rules of United States Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. Neither the

Issuer nor the Guarantor shall be liable for, or otherwise obliged to pay, any FATCA withholding deducted or withheld by the Issuer, any Warrant Agent or any other party.

In these General Conditions, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Warrant Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Warrantholders in accordance with General Condition 9.

Likewise, the “**Payment Date**” means any day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

- (A) the relevant place of presentation;
- (B) each city specified as a Financial Centre;
- (C) either (A) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (if other than the place of presentation, any Financial Centre and which, (x) if such currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (y) if such currency is Renminbi, shall be Beijing and Hong Kong) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

7. Prescription

Claims for payment or delivery in respect of the Warrants shall become void unless the Warrants are presented for payment or delivery within ten years of the appropriate Relevant Due Date for payment or delivery.

In respect of Finnish Warrants, claims against the Issuer for payment shall be prescribed unless made within three years after the Relevant Due Date therefore and thereafter any payment shall be forfeited and revert to the Issuer in accordance with the Finnish Act on Statutes of Limitations (728/2003, *Fin.: Laki velan vanhentumisesta*).

For the purposes of this Condition 7, “**Relevant Due Date**” means the date on which such payment first becomes due, or with respect to Swedish Warrants, such later date on which an interruption of the period of limitation (Sw. *preskriptionsavbrott*) is made in accordance with the Swedish Limitations Act 1981 (Sw. *preskriptionslagen (1991: 130)*) or with respect to Finnish Warrants, such later date on which an interruption of the period of limitation is made in accordance with the Finnish Act on Statutes of Limitations (728/2003, *Fin.: Laki velan vanhentumisesta*).

8. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further Warrants having terms and conditions the same as the Warrants or the same in all respects save for the amount and so that the same shall be consolidated and form a single Series with the outstanding Warrants.

9. Notices

All notices regarding the Bearer Warrants will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or any other relevant authority on which the Bearer Warrants are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Warrants will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Warrants are listed on a stock exchange or admitted to trading by another relevant authority, such notice will be published in a manner which complies with the rules of that stock exchange or relevant authority.

Save for in relation to any Swedish Warrants or Finnish Warrants, until such time as any definitive Warrants are issued, notice may be given (so long as any Global Warrants or Global Warrant Certificates representing the Warrants are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg (instead of by way of publication in a newspaper or mailing)) by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Warrants. Any such notice shall be deemed to have been given to the holders of the Warrants on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg. For so long as any Warrants are listed on a stock exchange or admitted to listing by another relevant authority, any such notice provided to any Clearing System will be also published in a manner which complies with the rules of that stock exchange or relevant authority by the Issuer.

All notices regarding the Swedish Warrants will be deemed to be validly given if sent by mail to a holder of Swedish Warrants to the address registered for such holder in the system of Euroclear Sweden or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Any such notice shall be deemed to have been given, if sent by mail to the holder, on the fourth day following the day the notice was sent by mail.

All notices regarding the Finnish Warrants will be deemed to be validly given if sent by mail to a holder of Finnish Warrants to the address registered for such holder in the system of Euroclear Finland or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Finland.

Notices to be given by any Warrantholder shall be in writing and given by lodging the same, together (in the case of any Warrants in definitive form) with the relative Warrant or Warrants, with the Principal Warrant Agent (in the case of Bearer Warrants) or the Registrar (in the case of Registered Warrants). Whilst any of the Warrants are represented by a Global Warrant or Global Warrant Certificate, such notice may be given by any holder of a Warrant to the Principal Warrant Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, in such manner as the Principal Warrant Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

10. Warrant Agents

The names of the initial Warrant Agents, Registrar and Transfer Agent (collectively, the “**Agents**” and each, an “**Agent**”) and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) so long as any Bearer Warrant is outstanding, there will at all times be a Principal Warrant Agent;
- (b) so long as any Registered Warrant is outstanding, there will at all time be a Registrar and a Transfer Agent;
- (c) so long as the Warrants are admitted to listing, trading and/or quotation by any relevant listing authority, stock exchange and/or quotation system, there will at all times be a Warrant Agent with a specified office in such place as may be required by the rules and regulations of such listing authority, stock exchange and/or quotation system;
- (d) so long as any Swedish Warrant is outstanding, there will at all times be a Swedish Warrant Agent authorised to act both as an account operating institution (Sw.: *kontoförande institut*) and issuing agent (Sw.: *emissionsinstitut*) with Euroclear Sweden;
- (e) so long as any Finnish Warrant is outstanding, there will at all times be a Finnish Warrant Agent authorised to act both as an account operating institution (Fin.: *tilinhoitajayhteisö*) and issuing agent (Fin.: *liikkeeseenlaskijan asiamies*) with Euroclear Finland; and
- (f) there will at all times be a Warrant Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any variation, termination, appointment or change in Agents shall only take effect, in accordance with the terms of the Warrant Agreement, (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Warrantholders in accordance with General Condition 9 (*Notices*) provided that no such variation, termination, appointment or change in Agents shall take effect (except in the case of insolvency) within 7 days of the Settlement Date of any Warrant. Notice of all changes in the identities or specified offices of any Agent will be given promptly

by the Issuer or, as the case may be, the Guarantor to the Warrantholders in accordance with General Condition 9 (*Notices*).

In acting under the Warrant Agreement, the Agents will act solely as agents of each of the Issuer and Guarantor and do not assume any obligations or relationship of agency or trust to or with the Warrantholders.

11. Modifications

The Warrant Agreement contains provisions for convening meetings of Warrantholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these General Conditions or any provisions of the Warrant Agreement. The Issuer may modify these Terms and Conditions without the consent of the Warrantholders (but in the case of Swedish Warrants, with the consent of Euroclear Sweden, and in the case of Finnish Warrants, with the consent of Euroclear Finland) in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Warrantholders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein or otherwise to comply with mandatory provisions of the law of the jurisdiction of incorporation of the Issuer or the Guarantor, or the law governing the Warrants. Notice of any such modification will be given to the Warrantholders in accordance with General Condition 9 (*Notices*) but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

12. Substitution

(a) *Substitution of the Issuer*

- (i) The Issuer may, without the consent of the Warrantholders (and by subscribing any Warrants, each Warrantholder expressly consents to it), be replaced and substituted by the Guarantor or any other company of which 100 per cent. of the shares or other equity interests (as the case may be) carrying the right to vote are directly or indirectly owned by the Guarantor as principal obligor (in such capacity, the “**Substituted Obligor**”) in respect of the Warrants provided that:

- (A) a deed poll and such other documents (if any) shall be executed by the Substituted Obligor, the Issuer and (if the Substituted Obligor is not the Guarantor) the Guarantor as may be necessary to give full effect to the substitution (together the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Obligor shall undertake in favour of each Warrantholder to be bound by the Terms and Conditions of the Warrants and the provisions of the Warrant Agreement and the deed of covenant in respect of any Warrants in global form dated 22 December 2011 (the “**Deed of Covenant**”) as fully as if the Substituted Obligor had been named in the Warrants, the Warrant Agreement and the Deed of Covenant as the principal obligor in respect of the Warrants in place of the Issuer (or any previous substitute) and (if the Substituted Obligor is not the Guarantor) pursuant to which the Guarantor shall unconditionally and irrevocably guarantee (the “**New Guarantee**”) in favour of each Warrantholder the payment of all sums payable by the Substituted Obligor as such principal obligor on the same terms *mutatis mutandis* as the Guarantee;
- (B) without prejudice to the generality of General Condition 12(a)(i)(A), where the Substituted Obligor is incorporated, domiciled or resident for taxation purposes in a territory other than Spain, the Documents shall contain a covenant by the Substituted Obligor and/or such other provisions as may be necessary to ensure that each Warrantholder has the benefit of a covenant in terms corresponding to the provisions of General Condition 6 (*Taxation*) with the substitution for the references to The Netherlands or the Kingdom of Spain of references to the territory in which the Substituted Obligor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Obligor and (if the Substituted Obligor is not the Guarantor) the Guarantor to indemnify and hold harmless each Warrantholder against all Taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such Warrantholder as a result of any substitution pursuant to this General Condition and which would not have been so

incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all Taxes or duties which are imposed on any such Warrantholder by any political sub-division or taxing authority of any country in which such Warrantholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (C) the Documents shall contain a warranty and representation by the Substituted Obligor and (if the Substituted Obligor is not the Guarantor) the Guarantor that the Substituted Obligor and (if the Substituted Obligor is not the Guarantor) the Guarantor have obtained all necessary governmental and regulatory approvals and consents for such substitution and (if the Substituted Obligor is not the Guarantor) for the giving by the Guarantor of the New Guarantee in respect of the obligations of the Substituted Obligor on the same terms *mutatis mutandis* as the Guarantee, that each of the Substituted Obligor and the Guarantor (if the Substituted Obligor is not the Guarantor) has obtained all necessary governmental and regulatory approvals and consents for the performance by each of the Substituted Obligor and the Guarantor (if the Substituted Obligor is not the Guarantor) of its obligations under the Documents and that all such approvals and consents are in full force and effect;
 - (D) each stock exchange which has the Warrants listed thereon shall not have stated or otherwise indicated that following the proposed substitution of the Substituted Obligor the Warrants would be de-listed from such stock exchange;
 - (E) the Substituted Obligor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Warrants or the Documents;
 - (F) the substitution complies with all applicable requirements established under the applicable laws and in case of the Finnish Warrants, Euroclear Finland has consented to such substitution and in the case of the Swedish Warrants, Euroclear Sweden has consented to such substitution.
- (ii) Upon the execution of the Documents as referred to in General Condition 12(a)(i) above, the Substituted Obligor shall be deemed to be named in the Warrants as the principal obligor in place of the Issuer (or of any previous substitute under these provisions) and the Warrants shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Warrants.
 - (iii) The Documents shall be deposited with and held by the Principal Warrant Agent for so long as any Warrant remains outstanding and for so long as any claim made against the Substituted Obligor or (if the Substituted Obligor is not the Guarantor) the Guarantor by any Warrantholder in relation to the Warrants or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Obligor and (if the Substituted Obligor is not the Guarantor) the Guarantor shall acknowledge in the Documents the right of every Warrantholder to the production of the Documents for the enforcement of any of the Warrants or the Documents.
 - (iv) Not later than 15 London Business Days after the execution of the Documents, the Substituted Obligor shall give notice thereof to the Warrantholders in accordance with General Condition 9 (*Notices*).
- (b) *Substitution of the Guarantor*
 - (i) The Guarantor may, without the consent of the Warrantholders (and by subscribing any Warrants, each Warrantholder expressly consents to it), be replaced and substituted by another company incorporated anywhere in the world as the guarantor (in such capacity, the “**Substituted Guarantor**”) in respect of the Warrants provided that:
 - (A) a deed poll and such other documents (if any) shall be executed by the Guarantor and the Substituted Guarantor as may be necessary to give full effect to the substitution (together the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Guarantor shall undertake in favour of each Warrantholder to be bound by the Terms and Conditions of the

Warrants and the provisions of the Warrant Agreement, and the Guarantee as fully as if the Substituted Guarantor had been named in the Warrants, the Warrant Agreement and the Guarantee as the guarantor in respect of the Warrants in place of the Guarantor (or any previous substitute) and pursuant to which the Substituted Guarantor shall unconditionally and irrevocably guarantee (the “**New Guarantee**”) in favour of each Warrantholder the payment of all sums payable by the Issuer as such principal obligor on the same terms mutatis mutandis as the Guarantee;

- (B) the Documents shall also contain a covenant by the Substituted Guarantor to indemnify and hold harmless each Warrantholder against all liabilities, costs, charges and expenses provided that insofar as the liabilities, costs, charges and expenses are Taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such Warrantholder as a result of any substitution pursuant to this General Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all Taxes or duties which are imposed on any such Warrantholder by any political sub-division or taxing authority of any country in which such Warrantholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
 - (C) the Documents shall contain a warranty and representation by the Substituted Guarantor that the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Substituted Guarantor of the New Guarantee, that the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Guarantor of its obligations under the Documents and that all such approvals and consents are in full force and effect;
 - (D) each stock exchange which has the Warrants listed thereon shall have shall not have stated or otherwise indicated that following the proposed substitution of the Substituted Guarantor the Warrants would be de-listed from such stock exchange;
 - (E) the Substituted Guarantor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Warrants or the Documents;
 - (F) the Substituted Guarantor has ratings for long-term senior debt assigned by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. or Moody's Investors Service, Inc. which are the same as or higher than the credit rating for long-term senior debt of the Guarantor or any previous Substituted Guarantor immediately prior to such substitution; and
 - (G) the substitution complies with all applicable requirements established under any applicable law.
- (ii) Upon the execution of the Documents as referred to in General Condition 12(b)(i) above, the Substituted Guarantor shall be deemed to be named in the Warrants as the guarantor in place of the Guarantor (or of any previous substitute under these provisions) and the Warrants shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Guarantor (or such previous substitute as aforesaid) from all of its obligations in respect of the Warrants and the Guarantees.
 - (iii) The Documents shall be deposited with and held by the Principal Warrant Agent for so long as any Warrant remains outstanding and for so long as any claim made against the Substituted Guarantor by any Warrantholder in relation to the Warrants or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the Documents the right of every Warrantholder to the production of the Documents for the enforcement of any of the Warrants or the Documents.

- (iv) No later than 15 London Business Days after the execution of the Documents, the Substituted Guarantor shall give notice thereof to the Warrantholders in accordance with General Condition 9 (*Notices*).

13. Contracts (Rights of Third Parties) Act 1999

The Warrants shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Warrants, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

14. Purchase by the Issuer or the Guarantor

Each of the Issuer and the Guarantor may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held, surrendered for cancellation or reissued or resold, and Warrants so reissued or resold shall for all purposes be deemed to form part of the original Series of Warrants.

15. Governing Law and Submission to Jurisdiction

(a) *Governing law*

The Warrants and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. In addition, the Swedish Warrants must comply with the SFIA Act and the Finnish Warrants must comply and be construed in accordance with the BESCO Act and the BEA Act. The registration and transfer of the Swedish Warrants in Euroclear Sweden's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Swedish law and the registration and transfer of the Finnish Warrants in Euroclear Finland's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Finnish law. The Guarantee (including the status of the Guarantee pursuant to General Condition 2(b) (*Status of the Guarantee*)) and any non-contractual obligations arising out of or in connection with the Guarantee, is governed by, and shall be construed in accordance with, Spanish law.

(b) *Submission to jurisdiction*

The Issuer agrees for the exclusive benefit of the Warrantholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants (including any disputes relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Warrants (including any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

The Issuer (if applicable) hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this General Condition shall limit any right to take Proceedings against the Issuer (if applicable) in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

The Issuer appoints the Guarantor at its registered office for the time being in England as its agent for service of process, and undertakes that, in the event of the Guarantor ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law

ANNEX 1
ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to payouts shall comprise the General Conditions and the additional terms and conditions for payouts set out below (the “**Payout Conditions**”), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between (i) the General Conditions and/or any other Annex and (ii) the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or any other Annex and/or the Payout Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. General

(a) Use of Payout Conditions

These Payout Conditions set out the methodology for determining various payouts and product features in respect of the Warrants. The applicable text shown in Payout Conditions 2, 3, 4 and 5 below will be extracted, included and completed at the paragraph indicated in the Final Terms on the basis that (i) applicable text (including, where appropriate, section headings and terms defined in Payout Condition 5 which are required to be completed) from the relevant Payout Condition will be set out at the paragraph indicated in the Final Terms and (ii) inapplicable text (and any terms defined in Payout Condition 5 which are not required to be completed) need not be included.

(b) Use of Terms

Terms in these Payout Conditions or in the Final Terms may be attributed a numerical or letter suffix value when included in the Final Terms. Without limitation, the suffix can be denoted as “j”, “k”, “m”, “q”, “n”, “t” or “i” and the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t or i, as chosen at the time of an issue of Warrants. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and the relation between the term and the suffix will be explained and may be presented as a table, if necessary, in the Final Terms. A term in Payout Condition 5 may be included in the applicable Final Terms section more than once if there is more than one number represented by the term n, t or i. Conjunctions (e.g. or, and, but) and punctuation may also be included where appropriate. Suffixes may denote that a relevant term relates to an asset, item or date associated with that suffix.

The constituent parts of any formula(e) or term(s) used in these Payout Conditions and that are to be specified in the Final Terms may be replaced in the Final Terms by the prescribed amount, level, or percentage or other value or term (the “**Variable Data**”). If a Variable Data has a value of either 0 (zero) or 1 (one), or is not applicable in respect of the relevant formula(e), then the related formula(e) may be simplified, for the purpose of improving the reading and intelligibility in the formula(e) in Final Terms, by deleting such Variable Data.

(c) Types of Warrants

The Final Terms will specify whether the Warrants are: Index Linked Warrants, each an “**Index Linked Warrant**”; Equity Linked Warrants, each an “**Equity Linked Warrant**”; Fund Linked Warrants, each a “**Fund Linked Warrant**”; Inflation Linked Warrants, each an “**Inflation Linked Warrant**”; Foreign Exchange Linked Warrant, each a “**Foreign Exchange (FX) Linked Warrant**” or any combination thereof, each a “**Combination Warrant**”.

2. Final Payout Formula(e)

For insertion and completion into Paragraph 24 “Final Payout” in the Final Terms

(i) “Final Payout (i) - Call”:

$$\text{Leverage} * \frac{\text{Max}[0; \text{Settlement Value} - \text{Exercise Value}]}{\text{Parity}} * \text{RIFX Level}$$

(ii) “Final Payout (ii) - Call Best of”:

$$Leverage * \max \left[0, \max_{k=1}^{k=n} \left[\frac{Settlement Value_k - Exercise Value_k * RI FX Level_k}{Parity_k} \right] \right]$$

(iii) “Final Payout (iii) - Call Worst of”:

$$Leverage * \max \left[0, \min_{k=1}^{k=n} \left[\frac{Settlement Value_k - Exercise Value_k * RI FX Level_k}{Parity_k} \right] \right]$$

(iv) “Final Payout (iv) - Call Spread”:

$$Leverage * \frac{\max [0, \min (Settlement Value; Upper Level) - Exercise Value]}{Parity} * RI FX Level$$

(v) “Final Payout (v) - Call Knock-in”:

(A) If no Knock-in Event has occurred

Zero, or

(B) If a Knock-in Event has occurred:

$$Leverage * \frac{\max [0, Settlement Value - Exercise Value]}{Parity} * RI FX Level$$

(vi) “Final Payout (vi) - Call spread with KO feature”:

(A) If no Knock-out Event has occurred

$$Leverage * \frac{\min [Upper Level; \max [Lower Level; Settlement Value]]}{Parity} * RI FX Level, \text{ or}$$

(B) If a Knock-out Event has occurred:

$$Leverage * \frac{Settlement Value}{Parity} * RI FX Level$$

(vii) “Final Payout (vii) - Put”:

$$Leverage * \frac{\max [0, Exercise Value - Settlement Value]}{Parity} * RI FX Level$$

(viii) “Final Payout (viii) - Put Best of”:

$$Leverage * \max \left[0, \max_{k=1}^{k=n} \left[\frac{Exercise Value_k - Settlement Value_k * RI FX Level_k}{Parity_k} \right] \right]$$

(ix) “Final Payout (ix) - Put Worst of”:

$$Leverage * \max \left[0, \min_{k=1}^{k=n} \left[\frac{Exercise Value_k - Settlement Value_k * RI FX Level_k}{Parity_k} \right] \right]$$

(x) “Final Payout (x) - Put Spread”:

$$\text{Leverage} * \frac{\text{Max} [0; (\text{Min}(\text{Exercise Value} - \text{Max}(\text{Settlement Value}; \text{Lower Level}))]}{\text{Parity}} * \text{RI FX Level}$$

(xi) “Final Payout (xi) - Put Knock-in”:

(A) If no Knock-in Event has occurred

Zero, or

(B) If a Knock-in Event has occurred:

$$\text{Leverage} * \frac{\text{Max} [0; \text{Exercise Value} - \text{Settlement Value}]}{\text{Parity}} * \text{RI FX Level}$$

(xii) “Final Payout (xii) - Corridor”:

(A) If the Settlement Value is less than or equal to the Upper Level and is greater than or equal to the Lower Level:

$$\text{Leverage} * \frac{\text{Final Level}}{\text{Parity}} * \text{RI FX Level}, \text{ or}$$

(B) Otherwise:

Zero.

(xiii) “Final Payout (xiii) - Bonus Cap”:

(A) If no Knock-out Event has occurred

$$\text{Leverage} * \frac{\text{Final Level}}{\text{Parity}} * \text{RI FX Level}, \text{ or}$$

(B) If a Knock-out Event has occurred:

$$\text{Leverage} * \frac{\text{Min} [\text{Final Level}; \text{Settlement Value}]}{\text{Parity}} * \text{RI FX Level}$$

(xiv) “Final Payout (xiv)”:

FS Value

(xv) “Final Payout (xv)”:

Constant Percentage + Leverage * (FS Value - Strike Percentage)

(xvi) “Final Payout (xvi)”:

Constant Percentage + Leverage * (Strike Percentage - FS Value)

(xvii) “Final Payout (xvii)”:

Max [Floor Percentage; Leverage * (FS Value – Strike Percentage)] + Constant Percentage

(xviii) “Final Payout (xviii)”

Constant Percentage + Leverage * Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * (FS Value – Strike Percentage) + Call Spread Percentage]]

(xix) “Final Payout (xix)”:

Constant Percentage + Leverage * Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage - Put Leverage * (FS Value – Strike Percentage)]]

(xx) “Final Payout (xx)”:

Call Constant Percentage + Leverage * (Min [Call Cap Percentage; Max [Call Floor Percentage; Call Leverage * (FS Value – Strike Percentage) + Call Strike Percentage]]) + Additional Leverage * (Min [Put Cap Percentage; Max [Put Floor Percentage; Put Strike Percentage – Put Leverage * (FS Value – Strike Percentage)])

(xxi) “Final Payout (xxi) - Booster”:

Constant Percentage 1 + (Constant Percentage 2 + Booster Number * Constant Percentage 3) * FS Value

(xxii) “Final Payout (xxii) - Digital Barrier”:

(A) If Barrier Condition is satisfied in respect of a [ST Valuation Date][ST Valuation Period]:

[Constant Percentage1][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive)*][no Cash Settlement Amount will be payable and Physical Delivery will apply];

(B) Otherwise:

[Constant Percentage 2][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)*][no Cash Settlement Amount will be payable and Physical Delivery will apply].

(xxiii) “Final Payout (xxiii) – Digital Barrier with Knock-in”:

(A) If Barrier Condition is satisfied in respect of a [ST Valuation Date][ST Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage1][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive)*][no Cash Settlement Amount will be payable and Physical Delivery will apply];

(B) otherwise:

[Constant Percentage 2][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)*][no Cash Settlement Amount will be payable and Physical Delivery will apply].

(xxiv) “Final Payout (xxiv) - Strike Podium n Barriers”:

- (A) If Barrier Condition 1 is satisfied in respect of a [ST Valuation Date][ST Valuation Period]:

[Constant Percentage 1][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive)*][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (B) If Barrier Condition [2] is satisfied in respect of a [ST Valuation Date][ST Valuation Period] and Barrier Condition [1] is not satisfied in respect of a [ST Valuation Date][ST Valuation Period]

[Constant Percentage 2][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)*][no Cash Settlement Amount will be payable and Physical Delivery will apply]

- (C) otherwise:

[Constant Percentage 3][*select and insert the final payout formula from any one of “Final Payout (xiv)” to “Final Payout (xxi) - Booster” (inclusive); for the avoidance of doubt the selected final payout formula for this paragraph (C) may be different from the final payout formula for any of the preceding paragraphs*][no Cash Settlement Amount will be payable and Physical Delivery will apply].

[The above provisions of (B) may be duplicated in case more than two barriers apply]

(xxv) “Final Payout (xxv) - Versus Standard”:

- (A) if no Knock-in Event has occurred:

[Constant Percentage 1][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (B) if a Knock-in Event has occurred:

[Min [Constant Percentage 2; FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply].

(xxvi) “Final Payout (xxvi) - Versus”:

- (A) if no Knock-in Event has occurred:

[Constant Percentage 1][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (B) if a Knock-in Event has occurred:

[Max [Constant Percentage 2 + Leverage * Option; 0]][no Cash Settlement Amount will be payable and Physical Delivery will apply].

(xxvii) “Final Payout (xxvii) - Autocall Standard”:

- (A) If Barrier Condition is satisfied in respect of a [ST Valuation Date][ST Valuation Period]:

[100% + FS Additional Rate][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (B) If Barrier Condition is not satisfied in respect of a [ST Valuation Date][ST Valuation Period] and no Knock-in Event has occurred:

[100%+ Airbag Percentage][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (C) If Barrier Condition is not satisfied in respect of a [ST Valuation Date][ST Valuation Period] and a Knock-in Event has occurred:

[Min [Constant Percentage; FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply].

(xxviii) “Final Payout (xxviii) - Twin Win”:

[Insert the following if a cap is not applicable]

- (A) if a Knock-out Event has occurred:

[Constant Percentage 1 + Max [Floor Percentage; Lever Down * FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (B) if no Knock-out Event has occurred:

[Constant Percentage 2 + Lever Up 1 * Max [Strike Percentage - FS Value; Floor Percentage 1] + Lever Up 2 * Max [FS Value - Strike Percentage 1; Floor Percentage 2]][no Cash Settlement Amount will be payable and Physical Delivery will apply]

[Insert the following if a cap is applicable]

- (i) if a Knock-out Event has occurred:

[Constant Percentage + Max [Floor Percentage; Lever Down * FS Value]][no Cash Settlement Amount will be payable and Physical Delivery will apply]; or

- (ii) if no Knock-out Event has occurred:

[Constant Percentage 2 + Lever Up 1 * Max [Strike Percentage - FS Value; Floor Percentage 1] + Lever Up 2 * Min [Cap Percentage; Max [FS Value - Strike Percentage 1; Floor Percentage 2]]][no Cash Settlement Amount will be payable and Physical Delivery will apply].

(xxix) “Final Payout (xxix) - Himalaya”:

$$\text{ConstantPercentage} + \text{Leverage} * \text{Max} \left[\frac{1}{\text{TotalM}} * \sum_{i=1}^M \text{Max} [\text{BestLockValue}(i) - \text{StrikePercentage}(i); \text{LocalFloorPercentage}(i)] 0 \right]$$

(xxx) “Final Payout (xxx) - Podium”:

Constant Percentage + Sum Rate(n)

3. Automatic Early Expiration

If Automatic Early Expiration is specified as applicable in the Final Terms and an Automatic Early Expiration Event occurs, then the Automatic Early Expiration Amount will be one of the following formulae as specified in the applicable Final Terms:

For insertion in Paragraph 25 (xiv) “Automatic Early Expiration Payout”

“Automatic Early Expiration Payout (i)”:

$$\frac{[\text{Settlement Value} - \text{Exercise Value}]}{[\text{Parity} * \text{RI FX Level}]}$$

“Automatic Early Expiration Payout (ii)”:

$$\frac{[\text{Exercise Value} - \text{Settlement Value}]}{[\text{Parity} * \text{RI FX Level}]}$$

“Automatic Early Expiration Payout (iii)”:

Zero.

“Automatic Early Expiration Payout (iv)”:

$$\text{Calculation Amount} * (\text{AEE Percentage} + \text{AEE Additional Rate})$$

4. Entitlement Amounts for Physical Delivery Warrants

For insertion into Paragraph 26 of the final terms (*Provisions applicable to Physical Delivery*):

“Entitlement Amount (i)”:

[Specify number [per Warrant] [of the] [the Reference Item][the Worst Performing Reference Item]][Best Performing Reference Item]

“Entitlement Amount (ii)”:

$$\text{Calculation Amount} / (\text{Constant Percentage} * \text{Performing RI Strike Price}_k * \text{FX}_k)$$

The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the “**Equity Element**”) and in lieu thereof the Issuer will pay a residual amount (the “**Residual Amount**”) equal to:

$$(\text{Entitlement Amount} - \text{Equity Element}) * \text{Physical Delivery Price}_k * \text{FX}_k$$

5. Definitions

5.1 General Definitions

“**Additional Leverage**” means [specify percentage].

“**AEE Additional Rate**” means, in respect of a [ST AEE Valuation Date] or [ST AEE Valuation Period], [the AEE Rate][AEE Rate DCF][AEE Rate MT].

“**AEE Rate**” means [specify rate].

“**AEE Rate DCF**” means a percentage calculated as the product of the AEE Rate and the applicable Day Count Fraction.

“**AEE Rate MT**” means the product of (a) *[specify rate]* and (b) the number of [ST Valuation Dates][Automatic Early Expiration Valuation Dates] from and including the Issue Date to [and including][but excluding] the [the date of the relevant Automatic Early Expiration Valuation Date].

“**AEE Percentage**” means *[specify percentage]*.

“**AEE Value**” means *[specify value from Payout Condition 5.2]*.

“**Airbag Percentage**” means *[specify percentage]*.

“**Barrier [1][2][3][4]**” means *[specify amount or percentage or number]*.

“**Barrier Percentage Strike Price**” means *[specify percentage]*.

“**Barrier Value**” means, in respect of a [ST Valuation Date][ST Valuation Period]*[specify defined term from Payment Condition 5.2]*.

“**Basket**” means: if the relevant Reference Items are Indices, the Basket of Indices (as defined in the Index Linked Conditions) as specified in the Final Terms; (b) if the relevant Reference Items are Shares, the Basket of Shares (as defined in the Equity Linked Conditions) as specified in the Final Terms; (c) if the relevant Reference Item are Inflation Indices, a basket composed of each Inflation Index specified in the Final Terms (d) if the relevant Reference Item are Fund Shares, the Fund Basket (as defined in the Fund Linked Conditions) as specified in the Final Terms; (e) if the relevant Reference Item are Subject Currencies, a basket composed of each Subject Currency specified in the Final Terms; and (f) in the case of Reference Items which are Shares, ETFs and/or Indices, where applicable, a basket of Shares, ETFs and/or Indices, as specified in the applicable Final Terms, in each case subject to Weightings.

“**Best Lock Value(i)**” means, in respect of a [ST Valuation Date] [or ST Valuation Period], the highest RI Value on such [ST Valuation Date] [ST Valuation Period] of the Reference Item(s) in Himalaya Basket(i).

“**Best Performing Reference Item**” means, in respect of a ST Valuation Date, the Reference Item(s) with highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date

“**Booster Level**” means *[specify percentage]*.

“**Booster Number**” shall be the number of times that the Booster Condition is satisfied.

“**Booster Value**” means, in respect of a ST Valuation Date or ST Valuation Period, *[specify defined term from Payment Condition 5.2)]*.

“**Call Cap Percentage**” means *[specify percentage]*.

“**Call Constant Percentage**” means *[specify percentage]*.

“**Call Floor Percentage**” means *[specify percentage]*.

“**Call Leverage**” means *[specify percentage]*.

“**Call Spread Percentage**” means *[specify percentage]*.

“**Call Strike Percentage**” means *[specify percentage]*.

“**Cap Percentage [1][2]**” means *[specify percentage]*.

“**Constant Percentage [1][2][3][4]**” means *[specify percentage]*.

“**EDS**” means $\text{Max} [\text{Floor Percentage}; \text{Min} [\text{Constant Percentage } 3 - n\text{EDS} \times \text{Loss Percentage}; 0]]$.

“**EDS Barrier Percentage**” means *[specify percentage]*.

“**Entitlement Value**” means [the Reference Item][the Worst Value][the Best Value]

“**Final Level**” means the number, percentage or amount specified as such in the applicable Final Terms

“**Floor Percentage [1][2]**” means *[specify percentage]*.

“**Forward**” means FS Value – Strike Percentage.

“**FS Additional Rate**” means [FS Rate][FS MT up Rate][FS Rate DCF][FS Rate MT].

“**FS Cap Percentage**” means [specify percentage].

“**FS Constant Percentage**” means [specify percentage].

“**FS Floor Percentage**” means [specify percentage].

“**FS Leverage**” means [specify percentage].

“**FS MT up Rate**” means:

(a) [insert if cap is applicable][Min [Max [FS Floor Percentage; FS Leverage * (FS Value - FS Strike Percentage) + FS Spread]; FS Cap Percentage] + FS Constant Percentage].]

(b) [insert if cap is not applicable] [Max [FS Floor Percentage; FS Leverage * (FS Value - FS Strike Percentage) + FS Spread + FS Constant Percentage].]

“**FS Rate**” means [specify rate].

“**FS Rate DCF**” means a percentage calculated as the product of the FR Rate and the applicable Day Count Fraction.

“**FS Rate MT**” means the product of (a) [specify rate] and (b) the number of [Interest Periods][ST Valuation Dates] from and including the Issue Date to [and including][but excluding] the [Interest Period in which the relevant ST Valuation Date falls][date of the relevant ST Valuation Date].

“**FS Spread**” means [specify percentage].

“**FS Strike Percentage**” means [specify percentage].

“**FS Value**” means, in respect of a [ST Valuation Date] or [ST Valuation Period], [specify defined term from Payout Condition 5.2].

“**FX**” is the relevant RI FX Level (i) on the relevant Valuation Date or if that is not a Business Day the immediately succeeding Business Day.

“**Himalaya Basket(i)**” means, in respect of a ST Valuation Date(i), a Basket comprising each Reference Item in Himalaya Basket(i-1) but excluding the Reference Item in relation to Best Lock Value(i-1).

“**Lever Down**” means [specify percentage].

“**Leverage**” means [specify percentage].

“**Lever Up [1][2]**” means [specify percentage].

“**Local Cap Level**” means the number or amount specified as such in the applicable Final Terms

“**Local Floor Level**” means the number or amount specified as such in the applicable Final Terms

“**Local Floor Percentage**” means [specify percentage].

“**Loss Percentage**” means [specify percentage].

“**Lower Level**” means the number, percentage or amount specified as such in the applicable Final Terms.

“**M**” means a series of ST Valuation Dates or ST Valuation Periods.

“**Max**” followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets.

“**Min**” followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi-colon inside those brackets.

“**nEDS**” means the number of Reference Items in the Basket in respect of which the FR Value is [less than or equal to][less than] EDS Barrier Percentage.

“**Option**” means [Put][Put Spread][EDS][Forward].

“**Parity**” means the number specified as such in the applicable Final Terms.

“**Put**” means Max [Strike Percentage – FS Value; 0].

“**Put Cap Percentage**” means [specify percentage].

“Put Floor Percentage” means *[specify percentage]*.

“Put Leverage” means *[specify percentage]*.

“Put Spread” means $\text{Min} [\text{Max} [\text{Strike Percentage} - \text{FS Value}; 0]; \text{Cap Percentage}]$.

“Put Strike Percentage” means *[specify percentage]*.

“Ranking” means, in respect of a ST Valuation Date, the ordinal positioning of each Reference Item by RI Value from lowest RI Value to greatest RI Value in respect of such ST Valuation Date.

“Rate(n)” (from $n=1$ to $n=N$) means, in respect of “Final Payout (xxx) – Podium” on any ST Valuation Date, the rate specified in the Final Terms and associated with the number of Reference Items in the Basket for which the Podium Condition is satisfied on the relevant ST Valuation Date.

“Reference Item [1][2]....[N]” the asset or reference basis specified as such in the applicable Final Terms.

“RI Weighting” means, in respect of a Reference Item, *[specify number, amount or percentage]*.

“Spread” means *[specify percentage]*.

“Strike Percentage [1][2]” means *[specify percentage]*.

“Sum Rate(n)” means the sum of the Rate(n) determined on the ST Valuation Date.

“Total M” means *[specify number]* being the total number of [ST Valuation Dates][ST Valuation Periods] for the Warrants.

“Upper Level” means the number, percentage or amount specified as such in the applicable Final Terms.

“Weighting” means *[specify in relation to each Reference Item comprising the Basket]*.

“Worst Performing Reference Item” means, in respect of a ST Valuation Date, the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

5.2 Value Definitions

“Average Basket Value” means, in respect of a ST Valuation Period, the arithmetic average of the Basket Values on each ST Valuation Date in such ST Valuation Period.

“Average Best Value” means, in respect of a ST Valuation Period, the arithmetic average of the Best Values on each ST Valuation Date in such ST Valuation Period.

“Average Rainbow Value” means, in respect of a ST Valuation Period, the arithmetic average of the Rainbow Values on each ST Valuation Date in such ST Valuation Period.

“Average RI Value” means, in respect of a Reference Item and a ST Valuation Period, the arithmetic average of the RI Values for such Reference Item on each ST Valuation Date in such ST Valuation Period.

“Average Worst Value” means, in respect of a ST Valuation Period, the arithmetic average of the Worst Values on each ST Valuation Date in such ST Valuation Period.

“Barrier Initial Price” means a price equal to the product of (x) the RI Closing Value for a Reference Item on the Strike Date and (y) the Barrier Percentage Strike Price.

“Barrier Initial Maximum Price” means a price equal to the product of (x) the greatest RI Closing Value for a Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

“Barrier Initial Minimum Price” means an amount equal to the product of (x) the lowest RI Closing Value for such Reference Item on any Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

“Barrier Initial Average Price” means an amount equal to the product of (x) the arithmetic average of the RI Closing Values for a Reference Item on each Strike Day in the Strike Period and (y) the Barrier Percentage Strike Price.

“Basket Performance” means in respect of an ST Valuation Date, the (a) Basket Value in respect of such day minus (b) 100 per cent.

“Basket Value” means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

“Best Intraday Value” means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the highest or equal highest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

“Best Value” means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

“Exercise Value” means, in respect of a Reference Item, the RI Initial Value.

“FX Average Level” means the arithmetic average of the RI FX Levels for a Reference Item on each Strike Day in the Strike Period.

“FX Closing Level” means the RI FX Level for a Reference Item on the Strike Date.

“FX Maximum Level” means the greatest RI FX Level for a Reference Item on any Strike Day in the Strike Period.

“FX Minimum Level” means the lowest RI FX Level for a Reference Item on any Strike Day in the Strike Period.

“FX Value” means, in respect of a Reference Item and any day, (i) the RI FX Level for such day divided by the RI FX Strike Level or (ii) the RI FX Strike Level divided by the RI FX Level for such day, as the case may be, as specified in the applicable Final Terms.

“Highest Basket Value” means, in respect of a ST Valuation Period, the highest or equal highest Basket Value on any ST Valuation Date in such ST Valuation Period.

“Highest Best Intraday Value” means, in respect of a ST Valuation Period, the highest or equal highest Best Intraday Value on any ST Valuation Date in such ST Valuation Period.

“Highest Best Value” means, in respect of a ST Valuation Period, the highest or equal highest Best Value on any ST Valuation Date in such ST Valuation Period.

“Highest Rainbow Value” means, in respect of a ST Valuation Period, the highest or equal highest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

“Highest RI Intraday Value” means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

“Highest RI Value” means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

“Highest Worst Value” means, in respect of a ST Valuation Period, the highest or equal highest Worst Value on any ST Valuation Date in such ST Valuation Period.

“Initial Average Price” means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on each Strike Day in the Strike Period.

“Initial Closing Price” means the RI Closing Value of a Reference Item on the Strike Date.

“Initial Maximum Price” means the highest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.

“Initial Minimum Price” means the lowest RI Closing Value for a Reference Item on any Strike Day in the Strike Period.

“Intraday Level” means, in respect of an Index and subject to the Index Linked Conditions, an amount equal to the level (which shall be deemed to be an amount in the currency of the Index) of such Index as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchanges, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value].

“Intraday Price” means, (a) in respect of a Share or a Fund Share and subject to the Equity Linked Conditions or the Fund Linked Conditions, as applicable, an amount equal to the price of such Share or Fund Share quoted on the relevant Exchange as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value] or (b) in respect of a Subject Currency and subject to the Foreign Exchange (FX) Rate Linked Conditions, the

spot rate of exchange appearing on the Relevant Screen Page as determined by the Calculation Agent at any relevant time on the relevant ST Valuation Date.

“Lowest Basket Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Basket Value on any ST Valuation Date in such ST Valuation Period.

“Lowest Best Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Best Value on any ST Valuation Date in such ST Valuation Period.

“Lowest Rainbow Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

“Lowest RI Intraday Value” means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

“Lowest RI Value” means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Value for such Reference Item for all the ST Valuation Dates in such ST Valuation Period.

“Lowest Worst Intraday Value” means, in respect of a ST Valuation Period, the lowest Worst Intraday Value on any ST Valuation Date in such ST Valuation Period.

“Lowest Worst Value” means, in respect of a ST Valuation Period, the lowest or equal lowest Worst Value on any ST Valuation Date in such ST Valuation Period.

“Performance” means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Value for such Reference Item in respect of such day minus (b) 100 per cent. [, and multiplied by the (c) the FX Value]

“Performing RI Strike Price” means, in respect of a ST Valuation Date, the RI Initial Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.

“Physical Delivery Price” means, in respect of a ST Valuation Date, the RI Closing Value in respect of the Reference Item with the Entitlement Value on such ST Valuation Date.

“Rainbow Value” means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the Ranked Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

“Ranked Value” means, in respect of a ST Valuation Date, the RI Value in respect of the Reference Item with the [first][second][specify] Ranking in respect of such ST Valuation Date.

“RI Composite Value” means, in respect of a Reference Item and a ST Valuation Date, the [highest or equal highest of][lowest or equal lowest of][arithmetic average of] the RI Average Values in respect of such ST Valuation Date.

“Restrike Performance” means, in respect of a Reference Item and a ST Valuation Date (a) (i) the RI Closing Value for such Reference Item in respect of such day divided by (ii) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date (b) minus 100 per cent [, and multiplied by the (c) the FX Value]

“RI Average Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] the arithmetic average of the RI Closing Value for such Reference Item in respect of each [set of] Averaging Date[s] specified in relation to such ST Valuation Date, [multiplied by (b) the FX Value].

“RI Closing Value” means, in respect of a Reference Item and a ST Valuation Date:

- (a) if the relevant Reference Item is an Index, the Settlement Price (as defined in the Index Linked Conditions);
- (b) if the relevant Reference Item is a Share, the Settlement Price (as defined in the Equity Linked Conditions);
- (c) if the relevant Reference Item is an Inflation Index, the Relevant Level (as defined in the Inflation Linked Conditions);
- (d) if the relevant Reference Item is a Exchange Traded Fund Share, the Settlement Price (as defined in the Fund linked Conditions);
- (e) if the relevant Reference Item is a Fund, the NAV per Fund Share (as defined in the Fund Linked Conditions);

- (f) if the relevant Reference Item is a Subject Currency, the Settlement Price (as defined in the Foreign Exchange (FX) Rate Linked Conditions);

in each case on such ST Valuation Date.

“RI FX Level” means, for the purpose of converting an amount in respect of a Reference Item into the Specified Warrants Currency on any day (i) the rate at which the Calculation Agent determines the relevant Reference Item amount could be converted into the Specified Warrants Currency (expressed as the Calculation Agent determines appropriate) at or about the time and by reference to such source(s) as the Calculation Agent deems appropriate or (ii) the FX Value, as the case may be, as specified in the applicable Final Terms

“RI FX Strike Level” means, in respect of a Reference Item, [*specify rate*][FX Closing Level][FX Maximum Level][FX Minimum Level][FX Average Level].

“RI Initial Value” means, in respect of a Reference Item, [*specify price*] [Exercise Price] [Initial Closing Price] [Initial Maximum Price] [Initial Minimum Price][Initial Average Price] [Barrier Initial Price] [Barrier Initial Maximum Price] [Barrier Initial Minimum Price] [Barrier Initial Average Price].

“RI Intraday Level” means:

- (a) if the relevant Reference Item is an Index, the Intraday Level; or
- (b) if the relevant Reference Item is a Share or a Fund Share, the Intraday Price.
- (c) If the relevant Reference Item is a Subject Currency, the Intraday Price

“RI Intraday Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Intraday Level for such Reference Item in respect of such ST Valuation Date (ii) divided by the relevant RI Initial Value [multiplied by (b) FX Value].

“RI Inverse Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Initial Value divided by (ii) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date [multiplied by (b) the FX Value].

“RI Restrike Value” means, in respect of a Reference Item and a ST Valuation Date (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date divided by (b) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the Strike Date.

“RI Value” means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date, divided by (ii) the relevant RI Initial Value [multiplied by (b) the FX Value].

“Settlement Value” means, in respect of a Reference Item, [*specify price*] [Final Closing Price] [Final Maximum Price] [Final Minimum Price] [Final Limited Average Price] [Final Average Price], where:

- (a) **“Final Closing Price”** means the RI Closing Value of a Reference Item on the ST Valuation Date.
- (b) **“Final Maximum Price”** means the highest RI Closing Value for a Reference Item on any Observation Date in the Observation Period.
- (c) **“Final Minimum Price”** means the lowest RI Closing Value for a Reference Item on any Observation Date in the Observation Period.
- (d) **“Final Average Price”** means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on any Observation Date in the Observation Period.
- (e) **“Final Average Limited Price”** means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item with a maximum of a Local Cap Level if specified in the applicable Final Terms and a minimum of a Local Floor Level if specified in the applicable Final Terms on each Observation Date in the Observation Period.

“Worst Intraday Value” means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the lowest or equal lowest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

“Worst Value” means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

5.3 Dates and Periods

Payments under the Warrants (if any) may be associated with ST Valuation Dates and/or ST Valuation Periods, as the case may be, as specified in the Final Terms. For the avoidance of doubt, several set of dates may be used for the determination and calculation of a particular payout.

“ST Valuation Date” means each [Strike Date][Exercise Date][Automatic Exercise Date][Specified Exercise Date][Potential Exercise Date] [Final Potential Exercise Date] [Expiration Date][Automatic Early Expiration Valuation Date][Averaging Date][Valuation Date][Settlement Price Date] [Observation Date] [Determination Date] [Knock-in Determination Date][Knock-out Determination Day]

“ST Valuation Period” means each [Automatic Early Expiration Valuation Period][ST-Exercise Period][Exercise Period] [Knock-in Determination Period][Knock-out Determination Period]][Valuation Period][Exercise Period][Observation Period]

5.4 Conditional Conditions

If one or more conditions defined below are applicable for the determination and calculation of a payout formula(e), the definition shall be inserted, completed and adjusted in the Final Terms in order to take into account any value definitions in Payout Condition 5.2 , relevant Date(s) and or Periods, and/or other Variable Data.

“Barrier Condition” means, in respect of a [ST Valuation Date][ST Valuation Period], that the Barrier Value [on such ST Valuation Date][in respect of ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Barrier.

“Barrier Condition 1” means, in respect of a [ST Valuation Date][ST Valuation Period], that the Barrier Value [on such ST Valuation Dates] [in respect of such ST Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Barrier 1.

“Barrier Condition 2” means, in respect of a [ST Valuation Date] [ST Valuation Period] that the Barrier Value on such [ST Valuation Date] [in respect of such ST Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Barrier [1][, but is [greater than][less than][equal to or greater than][less than or equal to] Barrier 2.]

“Booster Condition” shall be satisfied if, in respect of a [ST Valuation Date][ST Valuation Period], the Booster Value [on such ST Valuation Date][in respect of such ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Booster Level.

“Podium Condition” shall be satisfied if, in respect of a Reference Item and a ST Valuation Date, the Barrier Value for such Reference Item on such ST Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Barrier.

[Replicate and complete the above paragraph k times]

5.5 Enumeration Convention

Without prejudice to any other provision of these Payout Conditions and as a general rule the following suffixes in relation to the payout terms will be used. Other suffix terms may be selected and may be included in the Final Terms with other definitions or provisions from the Payout Conditions:

“i” [from i = [specify] to i = [specify]] or **“m”** [from m = [specify] to m = [specify]] in relation to the relevant ST Valuation Date or ST Valuation Period.

“j” [from j = [specify] to j = [specify]] means the relevant Strike Date.

“k” [from k = [specify] to k = [specify]] means the relevant Reference Item.

“q” [from q = [specify] to q = [specify]] or **“t”** [from t = [specify] to t = [specify]] means the relevant Observation Date or ST Valuation Date.

Any of these suffixes will be inserted, completed and explained, if necessary, in the Final Terms and a table for a better understanding may be included, especially in case two or more suffixed apply.

ANNEX 2

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED WARRANTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to Index Linked Warrants shall comprise the general terms and conditions of the Warrants set out under the heading “Terms and Conditions of the Warrants” (the “**General Conditions**”) and the Additional Terms and Conditions for Index Linked Warrants set out below (the “**Index Linked Conditions**”), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms, in each case subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 9 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date, an Observation Date, an Automatic Early Expiration Valuation Date or a Valuation Date, as the case may be, or a Knock-in Determination Day or a Knock-out Determination Day, as the case may be.

2. Adjustments to an Index

(a) Successor Index Sponsor Calculates and Reports an Index

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

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the last Averaging Date, the last Observation Date, the last Valuation Date, the last Knock-in Determination Day, the last Knock-out Determination Day the last Strike Date, or last Automatic Early Expiration Valuation Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an “**Index Modification**”), or permanently cancels a relevant Index and no Successor Index exists (an “**Index Cancellation**”), or (ii) on an Averaging Date, an Observation Date, a Valuation Date, a Knock-in Determination Day, a Knock-out Determination Day or an Automatic Early Expiration Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**” and, together with an Index Modification and an Index Cancellation, each an “**Index Adjustment Event**”), then,

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Warrants and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date, Averaging Date, Knock-in Determination Day, Knock-out Determination Day or Automatic Early Expiration Valuation Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (ii) on giving notice to Warrantholders in accordance with General Condition 9 (*Notices*), the Issuer may cancel the Warrants. If the Warrants are so cancelled, the Issuer will pay an amount to each Warrantholder in respect of each Warrant equal to the fair market value of a Warrant taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9 (*Notices*).

Notwithstanding (i) and (ii) above, if there are any options or future contracts of the Index traded on the Related Exchange, the Calculation Agent may instead in its sole and absolute discretion, upon

the occurrence of an Index Adjustment Amount, make the corresponding adjustments made on any Related Exchange (an “**Exchange Based Adjustment**”).

(c) Notice

The Calculation Agent shall, as soon as practicable, other than in the case of an Exchange Based Adjustment notify the relevant Agents of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and such Agents shall make available for inspection by Warrantheolders copies of any such determinations.

3. Correction of Index

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Warrants calculated by reference to the level of an Index, if the relevant level of the Index published on a given day which is used or to be used by the Calculation Agent to make any determination under the Warrants is subsequently corrected and the correction is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor, (i) in respect of a Composite Index, no later than five Exchange Business Days following the date of the original publication or, (ii) in respect of an Index which is not a Composite Index, within the number of days equal to the Index Correction Period of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Warrants calculated by reference to the level of the Index will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

4. Additional Disruption Events

(a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) cancel the Warrants by giving notice to Warrantheolders in accordance with General Condition 9 (*Notices*). If the Warrants are so cancelled the Issuer will pay an amount to each Warrantheolder in respect of each Warrant held by him which amount shall be the fair market value of a Warrant taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, if applicable and already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantheolders in accordance with General Condition 9 (*Notices*).

(b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable and the Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with General Condition 9 (*Notices*) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

5. Knock-in Event and Knock-out Event

(a) This Index Linked Condition 5 is applicable only if:

- (i) Knock-in Event is specified as applicable in the Final Terms, in which case any payment under the Warrants which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or
- (ii) Knock-out Event is specified as applicable in the Final Terms, in which case any payment under the relevant Warrants which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

- (b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time the level of the Index triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.
- (c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

6. Automatic Early Expiration Event

If “Automatic Early Expiration” is specified as applicable in the Final Terms, then unless previously exercised or purchased and cancelled, if (i) on any Automatic Early Expiration Valuation Date or (ii) in respect of an Automatic Early Expiration Valuation Period, as specified in the Final Terms, an Automatic Early Expiration Event occurs, then the Warrant shall be cancelled in whole, but not in part, on the Automatic Early Expiration Settlement Date immediately following such Automatic Early Expiration Valuation Date or Automatic Early Expiration Valuation Period, as applicable, and the Issuer shall settle each Warrant at an amount in the relevant currency, as specified in the Final Terms equal to the relevant Automatic Early Expiration Amount.

7. Definitions

“**Additional Disruption Event**” means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case if specified in the Final Terms.

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

“**Automatic Early Expiration Amount**” means an amount calculated as set out in the Final Terms.

“**Automatic Early Expiration Settlement Date**” means each date specified as such in the Final Terms or if such date is not a Business Day, the next following Business Day, and no Warrantholder shall be entitled to any further payment in respect of such delay.

“**Automatic Early Expiration Event**” means the AEE Value is,

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,
the Automatic Early Expiration Level,

(i), (ii), (iii) or (iv) applying as specified in the Final Terms.

“**Automatic Early Expiration Level**” means the level, amount, number or percentage specified as such in the Final Terms, subject to “Adjustment to the Index” set forth in Index Linked Condition 2 above.

“**Automatic Early Expiration Valuation Date**” means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Expiration Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Expiration Valuation Date.

“**Automatic Early Expiration Valuation Period**” means each period specified as such in the Final Terms;

“**Automatic Early Expiration Valuation Time**” has the meaning given it in the Final Terms.

“**AEE Value**” has the meaning given to it in the Final Terms, being a term defined in Payment Condition 5.2 (*Value Definitions*).

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

- (a) if “**Omission**” is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “**Postponement**” is specified as applying in the Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “**Modified Postponement**” is specified as applying in the Final Terms then:
 - (i) where the Warrants are Index Linked Warrants relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
 - (ii) where the Warrants are Index Linked Warrants relating to a Basket of Indices, the Averaging Date for each Index shall be the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices. If the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices has not occurred for a number of consecutive Scheduled Trading days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of every Index forming part of the Basket of Indices, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below; and
 - (iii) for the purposes of these Index Linked Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

“**Basket of Indices**” means a basket composed of each Index specified in the Final Terms subject to the Weightings

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

“Clearance System” means, for the purposes of these Additional Terms and Conditions for Index Linked Warrants, the principal domestic clearance system customarily used for settling trades in the relevant securities.

“Clearance System Business Days” means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

“Component Security” means, in respect of a Composite Index, each component security of such Index.

“Composite Index” means any Index specified as such in the Final Terms, or if not specified, any Index the Calculation Agent determines as such.

“Disrupted Day” means:

- (a) (i) in the case of a Composite Index, any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred; and
(ii) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which (i) the relevant Exchange and/or any Related Exchange fails to open for trading during their regular trading session or (ii) a Market Disruption Event has occurred.
- (b) Where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Index Linked Warrants and (ii) Equity Linked Warrants and/or Fund Linked Warrants, a Disrupted Day occurs under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions.

“Early Closure” means:

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

“Exchange” means:

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

“Exchange Business Day” means either (i) in the case of a single Index, Exchange Business Day (Single Index Basis) or (ii) in the case of a Basket of Indices, (a) Exchange Business Day (All Indices Basis) or (b) Exchange Business Day (Per Index Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Exchange Business Day (All Indices Basis) shall apply.

“Exchange Business Day (All Indices Basis)” means any Scheduled Trading Day on which (i) in respect of each Index which is not a Composite Index, each Exchange and each Related Exchange are open for trading during their respective regular trading sessions in respect of such Index, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of each Composite Index, (a) the Index Sponsor publishes the level of such Composite Index and (b) each Related Exchange (if any) is open for trading during its regular trading session in respect of such Composite Index, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Business Day (Cross Asset Basis)” means, in respect of a basket of assets, any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session in respect of such Indices comprised in the basket (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) and (ii) in respect of all Composite Indices, (a) the relevant Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) in respect of each Composite Index is open for trading during its regular trading session (notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time) which, in each case, is also an Exchange Business Day under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions, as applicable.

“Exchange Business Day (Per Index Basis)” means in respect of any Index:

- (a) in the case of any Composite Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of such Composite Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and
- (b) in any other case, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Index are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time.

“Exchange Business Day (Single Index Basis)” means any Scheduled Trading Day on which (i) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of a Composite Index (a) the relevant Index Sponsor publishes the level of such Composite Index and (b) the relevant Related Exchange, if any, is open for trading during their regular trading session in respect of such Composite Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means in respect of any Index:

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

“Hedging Disruption” means that the Issuer, the Guarantor and/or any of their respective Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer or the Guarantor, (if applicable), issuing and performing its obligations with respect to the Warrants, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

“Hedging Shares” means the number of securities comprised in an Index that the Issuer and/or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

“Increased Cost of Hedging” means that the Issuer, the Guarantor and/or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor, (if applicable), issuing and performing its obligations with respect to the Warrants, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, the Guarantor, and/or any of their respective Affiliates shall not be deemed an Increased Cost of Hedging.

“Increased Cost of Stock Borrow” means that the Issuer, the Guarantor and/or any of its Affiliates would incur a rate to borrow any security comprised in an Index that is greater than the Initial Stock Loan Rate.

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

“Index Correction Period” means (a) the period specified in the Final Terms, or (b) if none is so specified, one Settlement Cycle.

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

“Initial Stock Loan Rate” means, in respect of a security comprised in an Index, the initial stock loan rate specified in relation to such security in the Final Terms.

“Knock-in Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

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

“Knock-in Event” means the Knock-in Value is (A):

greater than;

greater than or equal to;

less than; or

less than or equal to,

the Knock-in Level or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, in each case as specified in the Final Terms,

“Knock-in Level” means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in “Market Disruption Event” and set forth in Index Linked Condition 2 (Adjustment to the Index).

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

“Knock-in Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“Knock-in Range” means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Index Linked Condition 1 (Disrupted Day) and Index Linked Condition 2 (Adjustments to an Index);

“Knock-in Valuation Time” means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

“**Knock-in Value**” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“**Knock-out Determination Day**” means the date(s) as specified in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

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

“**Knock-out Event**” means the Knock-out Value is (A):

greater than;

greater than or equal to;

less than; or

less than or equal to,

the Knock-out Level or (B) within the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, in each case as specified in the Final Terms,

“**Knock-out Level**” means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in “Market Disruption Event” and set forth in Index Linked Condition 2 (Adjustment to the Index).

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

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

“**Knock-out Range**” means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Index Linked Condition 1 (Disrupted Day) and Index Linked Condition 2 (Adjustments to an Index);

“**Knock-out Valuation Time**” means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

“**Knock-out Value**” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“**Loss of Stock Borrow**” means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

“**Market Disruption Event**” means:

(a) in respect of a Composite Index either:

(i) (A) the occurrence or existence, in respect of any Component Security, of:

- 1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
- 2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (a) for the

purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

3) an Early Closure in respect of such Component Security; and

(B) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of such Index; or

- (ii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of:
- (1) a Trading Disruption; (2) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the Valuation Time in respect of the Related Exchange; or (3) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market opening data; and

- (b) in the case of Indices other than Composite Indices, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (b) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

“Maximum Stock Loan Rate” means, in respect of a security comprised in an Index, the Maximum Stock Loan Rate specified in the Final Terms.

“Observation Date” means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to “Omission”, “Postponement” or “Modified Postponement”, as the case may be, contained in the definition of “Averaging Date” shall apply *mutatis mutandis* as if references in such provisions to “Averaging Date” were to “Observation Date”.

“Observation Period” means the period specified as the Observation Period in the Final Terms.

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

“Relevant Price” means, unless otherwise specified in the Final Terms, and subject as referred to in relation to “Averaging Date”, “Observation Date”, “Valuation Date”, Automatic Early Expiration Valuation Date “Knock-in Determination Day” or “Knock-out Determination Day” as the case may be:

- (a) in the case of Index Linked Warrants relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing level of the Index or, in relation to a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the Final Terms, the level of the Index determined by the Calculation Agent as set out in the Final Terms at the Valuation Time on (i) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, each Averaging Date; and
- (b) in the case of Index Linked Warrants relating to a Basket of Indices an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the sum of, in respect of each Index comprising the Basket of Indices, (a) the official closing level of such Index or, in relation to a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the Final Terms, the level of such Index determined by the Calculation Agent as set out in the Final Terms at the Valuation Time on (i) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the Final Terms, each Averaging Date, multiplied by (b) the relevant Weighting, or if applicable, taking into account the relevant Relative Performance Basket.

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

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

“Scheduled Trading Day” means either (i) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (ii) in the case of a Basket of Indices, (a) Scheduled Trading Day (All Indices Basis) or (b) Scheduled Trading Day (Per Index Basis) or (c) Scheduled Trading Day (Cross Asset Basis),, in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Scheduled Trading Day (All Indices Basis) shall apply.

“Scheduled Trading Day (All Indices Basis)” means (i) in respect of each Index which is not a Composite Index, any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of each Composite Index, any day on which (a) the Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

“Scheduled Trading Day (Cross Asset Basis)” means, in respect of a basket of assets, any day on which (i) in respect of each Index which is not a Composite Index, each relevant Exchange and each Related Exchange (if any) in respect of each such Index is scheduled to be open for trading during its regular trading session, and (ii) in respect of each Composite Index, (a) the relevant Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading during its regular trading session which, in each case, is also a Scheduled Trading Day under and as defined in the Equity Linked Conditions and/or the Fund Linked Conditions, as applicable.

“Scheduled Trading Day (Per Index Basis)” means:

- (a) in respect of an Index other than a Composite Index, any day on which the relevant Exchange and Related Exchange in respect of such Index are scheduled to be open for trading for their respective regular trading session(s); and
- (b) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to publish the level of such Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

“Scheduled Trading Day (Single Index Basis)” means any day on which (i) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of a Composite Index (a) the relevant Index Sponsor is scheduled to publish the level of such Composite Index and (b) the relevant Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

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

“Screen Page” means the page specified in the Final Terms, or any successor page or service thereto.

“Settlement Cycle” means, in respect of an Index, the period of Clearance System Business Days following a trade in the securities comprising such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

“Settlement Price” means, subject as referred to in Averaging Date, Observation Date, Automatic Early Expiration Valuation Date, Valuation Date or Index Linked Condition 5 (*Knock-in Event and Knock-Out Event*) as the case may be:

- (a) in the case of Index Linked Warrants relating to a single Index, (i) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices of the Index on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner and, in each case, an amount deemed to be a monetary value on the same basis as the Exercise Price; and
- (b) in the case of Index Linked Warrants relating to a Basket of Indices, (i) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices of the Basket of Indices on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner and, in each case, an amount deemed to be a monetary value on the same basis as the Exercise Price.

“Settlement Price Date” means an Observation Date, the last Averaging Date, the Valuation Date, the Automatic Early Expiration Valuation Date, the Knock-in Determination Day or the Knock-out Determination Day, as the case may be.

“Specified Maximum Days of Disruption” means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

“Strike Date” means the Strike Date specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Index Linked Warrants relating to a single Index, the Strike Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the relevant level as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (b) in the case of Index Linked Warrants relating to a Basket of Indices, the Strike Date for each Index, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Index forming part of the Basket of Indices unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day relating to any Index of the Basket of Indices. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for each Index of the Basket of Indices, notwithstanding the fact that such day is a Disrupted Day with respect to any Index, and (ii) the Calculation Agent shall determine the relevant level or price using, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

“Strike Day” means each date specified as such in the applicable Final Terms.

“Strike Period” means the period specified as the Strike Period in the Final Terms.

“Trading Disruption” means:

- (a) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to securities that comprise 20 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange; and
- (b) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

“Valuation Date ” means the Strike Date, Expiration Date, Actual Exercise Date, Potential Exercise Date(s) and Specified Exercise Date as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Index Linked Warrants relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (b) in the case of Index Linked Warrants relating to a Basket of Indices, the Valuation Date for each Index, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Index forming part of the Basket of Indices unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day in respect of Index of the Basket of Indices. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Index of the Basket of Indices, notwithstanding the fact that such day is a Disrupted Day with respect to any Index, and (ii) the Calculation Agent shall determine the Settlement Price using, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions; and

“Valuation Time ” means:

- (a) the Valuation Time specified in the Final Terms; or
- (b) if not specified in the Final Terms
 - (i) in the case of a Composite Index, means in respect of such Index: (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (B) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or
 - (ii) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the

specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

“**Weighting**” means the weighting to be applied to each item comprising the Basket of Indices as specified in the Final Terms.

8. Index Disclaimer

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

ANNEX 3
ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED WARRANTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to Equity Linked Warrants shall comprise the general terms and conditions of the Warrants set out under the heading “Terms and Conditions of the Warrants” (the “**General Conditions**”) and the Additional Terms and Conditions for Equity Linked Warrants set out below (the “**Equity Linked Conditions**”), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms, in each case subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Issuer, the Guarantor, the Principal Warrant Agent and the Warrantheolders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, an Observation Date, an Automatic Early Expiration Valuation Date, a Valuation Date, as the case may be, or on a Knock-in Determination Day or a Knock-out Determination Day, as the case may be.

2. Depositary Receipts

(a) Application of Depositary Receipt provisions

If “Depositary Receipt provisions” are specified as applicable in the Final Terms, for the purposes of these Equity Linked Conditions in relation to each relevant Depositary Receipt:

- (i) references to “**Share**” or “**Shares**” shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company or Basket Company to which the relevant Depositary Receipts specified in the Final Terms relate;
- (ii) references to “**Exchange**” shall, in the context of the ordinary shares or other relevant equity securities of the Share Company or Basket Company, be deemed to be references to the Share Exchange specified in the Final Terms;
- (iii) references to “**Share Company**” or “**Basket Company**” shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;
- (iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 3;
- (v) “a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares”; and
- (vi) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 3:
 - (A) a Termination; and
 - (B) an Adjustment Event.

(b) Definitions specific to Depositary Receipts

“**Adjustment Event**” means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or Basket Company or any party having influence over such terms and conditions) or the Depositary Receipts are converted into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

“**Depositary Receipt**” means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company or Basket Company, as specified in the Final Terms, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 3 and 4.

“**Termination**” means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being given by the Share Company or Basket Company to the depositary of the Shares to withdraw or surrender the Shares.

3. Potential Adjustment Events and Extraordinary Events

(a) Potential Adjustment Events

“Potential Adjustment Event” means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

“Potential Adjustment Event Effective Date” means, in respect of a Potential Adjustment Event, the date on which such Potential Adjustment Event is announced by the relevant Basket Company or Share Company, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion.

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

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 9 (*Notices*), stating the adjustment to any Relevant Asset and/or the Entitlement (where the Warrants are Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms and giving brief details of the Potential Adjustment Event and the Potential Adjustment Event Effective Date.

(b) Extraordinary Events

- (A) The occurrence of any of De-Listing, Insolvency, Merger Event, Nationalisation, Tender Offer (unless Tender Offer is specified as not applicable in the Final Terms), or, if specified as applicable in the Final Terms, Illiquidity, Listing Change or Listing Suspension, as the case may be, shall be deemed to be an Extraordinary Event (each, an “**Extraordinary Event**”), the consequences of which are set forth in Equity Linked Condition 2(b)(B) below:

“**De-Listing**” means, in respect of any relevant Shares, that the Exchange announces pursuant to the rules of such Exchange, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

“**Illiquidity**” means, in respect of Equity Linked Warrants, that, in the determination of the Calculation Agent, during any period of five consecutive Scheduled Trading Days falling after the Issue Date (the “**Relevant Period**”), (i) the difference between the bid prices and the ask prices in respect of any relevant Share during the Relevant Period is greater than 1% (on average), and/or (ii) the average purchase price or the average selling price, (each of (i) and (ii) determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period), in relation to the purchase or sale of Shares with a value equal to or greater than EUR 10,000.00, is greater than MID plus 1% of MID (in relation to a purchase of Shares) or lower than the MID minus 1% of MID (in relation to a sale of Shares). For these purposes, “**MID**” means an amount equal to (x) the sum of the bid price and the ask price, in each case for the relevant Share at the relevant time, (y) divided by two.

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

“**Listing Change**” means, in respect of any relevant Shares, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the listing compartment or the relevant market of the Exchange on which such Shares were listed, traded or publicly quoted on the Issue Date, for any reason (other than a Merger Event or Tender Event or where there is a De-Listing).

“**Listing Suspension**” means, in respect of any relevant Shares, that the listing of such Shares on the Exchange has been suspended (other than where there is a De-Listing).

“**Merger Event**” means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the relevant Extraordinary Event Effective Date is on or before (a) in the case of Cash Settled Warrants, the latest of the last occurring Valuation

Date, Strike Date, Observation Date, Automatic Early Expiration Valuation Date Knock-in Determination Day or Knock-out Determination Day or, where Averaging is specified in the Final Terms, the final Averaging Date or (b) in the case of Physical Delivery Warrants, the relevant Settlement Date.

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

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 30 per cent. and less than 100 per cent. (the “**Percentage Range**”) of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(B) Consequences of the occurrence of an Extraordinary Event:

If an Extraordinary Event occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or, in the case of Warrants relating to a Basket of Shares only, (v) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Warrants are Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms to account for the relevant Extraordinary Event, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Warrants. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange. In addition, in relation to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares in accordance with the provisions of sub-paragraph (vi) below;
- (ii) in the case of Equity Linked Warrants relating to a Basket of Shares, cancel the Warrants in part by giving notice to Warrantholders in accordance with General Condition 9 (*Notices*). If the Warrants are so cancelled in part the portion (the “**Settled Amount**”) of each Warrant representing the affected Share(s) shall be cancelled and the Issuer will:
 - (A) pay to each Warrantholder in respect of each Warrant held by him an amount equal to the fair market value of the Settled Amount, taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and
 - (B) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Warrants are Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms to account for such cancellation in part. For the avoidance of doubt the remaining part of each Warrant after such cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9 (*Notices*);
- (iii) on giving notice to Warrantholders in accordance with General Condition 9 (*Notices*), cancel all but not some only of the Warrants, by payment of an amount equal to the fair market value of a Warrant taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, plus if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9 (*Notices*);

- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the “**Options Exchange**”), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Warrants are Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Warrants are Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (v) on or after the relevant Extraordinary Event Effective Date, the Calculation Agent may adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each, a “**Substitute Share**”) for each Share (each, an “**Affected Share**”) of each Basket Company (each, an “**Affected Basket Company**”) which is affected by such Extraordinary Event and the Substitute Share will be deemed to be a “**Share**” and the issuer of such shares, a “**Share Company**” or a “**Basket Company**” for the purposes of the Warrants, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Warrants are Physical Delivery Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that the Exercise Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Exercise Price} = A \times (B / C)$$

where

“A” is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

“B” is the Exercise Price of the relevant Affected Share; and

“C” is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the “**Substitution Date**”) in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary Event Effective Date.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must satisfy the following criteria, in the sole and absolute discretion of the Calculation Agent:

- (a) where the relevant Extraordinary Event is a Merger Event or a Tender Offer and the relevant share is not already included in the Basket of Shares, the relevant share shall be an ordinary share of the entity or person (other than the Affected Basket Company) involved in the Merger Event or the making of the Tender Offer, that is, or that as of the relevant Extraordinary Event Effective Date (i) is promptly scheduled to be, publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and (ii) is not subject to any currency exchange controls, trading restrictions or other trading limitations; or
- (b) where (a) above does not apply, including in the case of an Extraordinary Event other than a Merger Event or a Tender Offer:

1. the issuer of the share shall, to the extent possible, belong to the same economic sector as the Affected Basket Company and shall not already be included in the Basket of Shares; and
2. the issuer of the share shall, to the extent possible, have a comparable market capitalisation, international standing and exposure as the Affected Basket Company in respect of the Affected Share.

Upon the occurrence of an Extraordinary Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable, and the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 9 (*Notices*) stating the occurrence of the Extraordinary Event, giving details thereof and the action proposed to be taken in relation thereto, including, in the case of a Share Substitution, the identity of the Substitute Shares and the Substitution Date, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Extraordinary Event.

4. Correction of Share Price

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Warrants calculated by reference to the price of a Share, if the relevant price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants is subsequently corrected and the correction is published by the relevant Exchange within the number of days equal to the Share Correction Period of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Warrants calculated by reference to the price of a Share will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

5. Additional Disruption Events

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or if applicable (iii) or, in the case of Warrants linked to a Basket of Shares only, (iv) below:
 - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) cancel all but not some only of the Warrants by giving notice to Warrantholders in accordance with General Condition 9 (*Notices*). If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by him which amount shall be the fair market value of a Warrant taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9 (*Notices*); or
 - (iii) in the case of Warrants linked to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each a “**Substitute Share**”) for each Share (each an “**Affected Share**”) which is affected by the Additional Disruption Event and the Substitute Share will be deemed to be a “**Share**” and the issuer of such shares a “**Basket Company**” for the purposes of the Warrants, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Warrants are Physical Delivery Warrants) and/or the Exercise Price and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that the Exercise Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Exercise Price} = A \times (B/C)$$

where:

“A” is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

“B” is the Exercise Price of the relevant Affected Share; and

“C” is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the “**Substitution Date**”) in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant date of the Additional Disruption Event.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

1. is not already included in the Basket of Shares;
 2. the Issuer of such share belongs to the same economic sector as the Basket Company in respect of the Affected Share; and
 3. the Issuer of such share has a comparable market capitalisation, international standing and exposure as the Basket Company in respect of the Affected Share.
- (b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 9 (*Notices*) stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto.

6. Knock-in Event and Knock-out Event

(a) This Equity Linked Condition 6 is applicable only if:

- (i) If “**Knock-in Event**” is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, payment and/or delivery, as applicable, under the relevant Warrants subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.
 - (ii) If “**Knock-out Event**” is specified as applicable in the Final Terms, then unless otherwise specified in such Final Terms payment and/or delivery, as applicable, under the relevant Warrants subject to a Knock-out Event shall be conditional upon the non occurrence of such Knock-out Event.
- (b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of “Valuation Date”.
- (c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins or ends at the time at which the price of the Share triggers the Knock-in Event or the Knock-out Event would otherwise have occurred, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Share as

at the Knock-in Valuation Time or Knock-out Valuation time in accordance with the provisions contained in the definition of “Valuation Date”.

7. Automatic Early Expiration Event

If “Automatic Early Expiration” is specified as applicable in the Final Terms, then unless previously exercised or purchased and cancelled, if (i) on any Automatic Early Expiration Valuation Date or (ii) in respect of an Automatic Early Expiration Valuation Period, as specified in the Final Terms, an Automatic Early Expiration Event occurs, then the Warrant shall be cancelled in whole, but not in part, on the Automatic Early Expiration Settlement Date immediately following such Automatic Early Expiration Valuation Date or Automatic Early Expiration Valuation Period, as applicable, and the Issuer shall settle each Warrant at an amount in the relevant currency as specified in the Final Terms equal to the relevant Automatic Early Expiration Amount.

8. Definitions

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

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

“**Automatic Early Expiration Amount**” means an amount calculated as set out in the Final Terms.

“**Automatic Early Expiration Settlement Date**” means each date specified as such in the Final Terms or if such date is not a Business Day, the next following Business Day, and no Warrantholder shall be entitled to any further payment in respect of such delay.

“**Automatic Early Expiration Event**” means the AEE Value is,

- (i) greater than;
 - (ii) greater than or equal to;
 - (iii) less than; or
 - (iv) less than or equal to,
- the Automatic Early Expiration Price,

(i), (ii), (iii) or (iv) applying as specified in the Final Terms.

“**Automatic Early Expiration Level**” means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in Equity Linked Condition 3 above.

“**Automatic Early Expiration Valuation Date**” means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Expiration Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Expiration Valuation Date.

“**Automatic Early Expiration Valuation Period**” means each period specified as such in the Final Terms;

“**Automatic Early Expiration Valuation Time**” has the meaning given it in the Final Terms.

“**AEE Value**” has the meaning given to it in the Final Terms, being a term defined in Payment Condition 5.2 (*Value Definitions*).

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

- (a) if “Omission” is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this

provision no Averaging Date would occur, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

- (b) if “Postponement” is specified as applying in the Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the Final Terms then:
 - (i) where the Warrants are Equity Linked Warrants relating to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
 - (ii) where the Warrants are Equity Linked Warrants relating to a Basket of Shares, the Averaging Date for each Share shall be the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares. If the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of every Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below; and
 - (iii) for the purposes of these Terms and Conditions, “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not occur.

“**Basket Company**” means each company specified as such in the Final Terms and “**Basket Companies**” means all such companies.

“**Basket of Shares**” means a basket composed of Shares of each Basket Company specified in the Final Terms in the Weightings or numbers of Shares of each Basket Company specified in the Final Terms;

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

“**Clearance System**” means, for the purposes of these Additional Terms and Conditions for Equity Linked Warrants, the principal domestic clearance system customarily used for settling trades in the relevant Share.

“**Clearance System Business Days**” means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

“**Disrupted Day**” means any Scheduled Trading Day on which:

- (a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;
- (b) a Market Disruption Event has occurred; or

(c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Equity Linked Warrants and (ii) Index Linked Warrants and/or Fund Linked Warrants, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Fund Linked Conditions.

“Early Closure” means the closure on any Exchange Business Day of relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

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

“Exchange Business Day” means either (i) in the case of a single Share, Exchange Business Day (Single Share Basis) or (ii) in the case of a Basket of Shares, (a) Exchange Business Day (All Shares Basis) or (b) Exchange Business Day (Per Share Basis), in each case as specified in the Final Terms.

“Exchange Business Day (All Shares Basis)” means, in respect of a Basket of Shares, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading in respect of all Shares comprised in the Basket of Shares during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Business Day (Cross Asset Basis)” means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is open for trading during its regular trading session (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or the Fund Linked Conditions.

“Exchange Business Day (Per Share Basis)” means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Share is open for trading during its respective regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Business Day (Single Share Basis)” means any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time.

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

“Extraordinary Event Effective Date” means, in respect of an Extraordinary Event, the date on which such Extraordinary Event occurs, as determined by the Calculation Agent in its sole and absolute discretion.

“Exchange Rate” shall be the exchange rate specified in the Final Terms.

“Failure to Deliver” means failure of the Issuer, the Guarantor and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

“Hedging Disruption” means that the Issuer and/or the Guarantor or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Warrants, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

“Hedging Shares” means the number of Shares that the Issuer and/or the Guarantor or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

“Increased Cost of Hedging” means that the Issuer and/or the Guarantor or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Warrants, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, the Guarantor and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

“Increased Cost of Stock Borrow” means that the Issuer and/or the Guarantor any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

“Initial Stock Loan Rate” means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the Final Terms.

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

“Knock-in Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

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

“Knock-in Event” means the Knock-in Value is (A):

greater than;

greater than or equal to;

less than; or

less than or equal to,

the Knock-in Price or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, in each case as specified in the Final Terms,

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

“Knock-in Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“Knock-in Price” means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Equity Linked Condition 3.

“Knock-in Range” means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Equity Linked Condition 1 (Disrupted Day) and Equity Linked Condition 3 (Potential Adjustment Events and Extraordinary Events);

“Knock-in Valuation Time” means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

“Knock-in Value” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“Knock-out Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

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

“Knock-out Event” means the Knock-out Value is (A):

greater than;

greater than or equal to;

less than; or

less than or equal to,

the Knock-out Price or (B) within the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, in each case as specified in the Final Terms,

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

“Knock-out Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

Knock-out Price means the price, amount, percentage or number specified as such in the Final Terms subject to adjustment from time to time in accordance with the provisions set forth in Equity Linked Condition 3.

“Knock-out Range” means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Equity Linked Condition 1 (Disrupted Day) and Equity Linked Condition 3 (Potential Adjustment Events and Extraordinary Events);

“Knock-out Value” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“Knock-out Valuation Time” means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

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

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

“Observation Date” means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to “Omission”, “Postponement” or “Modified Postponement”, as the case may be, contained in the definition of “Averaging Date” shall apply *mutatis mutandis* as if references in such provisions to “Averaging Date” were to “Observation Date”.

“Observation Period” means the period specified as the Observation Period in the Final Terms.

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

“Relevant Price” means, unless otherwise specified in the Final Terms and subject as referred to in relation to any Automatic Early Expiration Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Averaging Date, Observation Date or Valuation Date, as the case may be:

- (i) in the case of Equity Linked Warrants relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, or (B) if Averaging is specified in the Final Terms, the relevant Averaging Date or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide, such amount to be converted, if so specified in the Final Terms, into the Specified Currency at the Exchange Rate on the relevant Settlement Price Date or Averaging Date and such converted amount to be the Relevant Price, all as determined by or on behalf of the Calculation Agent; and
- (ii) in the case of Equity Linked Warrants relating to a Basket of Shares and in respect of each Share comprising the Basket, an amount equal to (A) the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Share on (1) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date or (2) if Averaging is specified in the Final Terms, the relevant Averaging Date, or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) for the relevant Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide, multiplied by (B) the relevant Weighting, or if applicable, taking into account the relevant Relative Performance Basket, such value to be converted, if so specified in the Final Terms, into the Specified Currency at the Exchange Rate on the relevant Settlement Price Date or Averaging Date, and such converted amount to be the Relevant Price, all as determined by or on behalf of the Calculation Agent.

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

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

“Scheduled Trading Day” means either (i) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (ii) in the case of a Basket of Shares, (a) Scheduled Trading Day (All Shares Basis) or (b) Scheduled Trading Day (Per Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms.

“Scheduled Trading Day (All Shares Basis)” means, in respect of a Basket of Shares, any day on which each Exchange and each Related Exchange are scheduled to be open for trading in respect of all Shares comprised in the Basket of Shares for their respective regular trading sessions.

“Scheduled Trading Day (Cross Asset Basis)” means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is scheduled to be open for trading for its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Fund Linked Conditions, as applicable.

“Scheduled Trading Day (Per Share Basis)” means in respect of a Basket of Shares, any day on which the relevant Exchange and, Related Exchange in respect of such Share are scheduled to be open for trading for their respective regular trading sessions.

“Scheduled Trading Day (Single Share Basis)” means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

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

“Screen Page” means the page specified in the Final Terms, or any successor page or service thereto.

“Settlement Cycle” means, in respect of a Share, the period of Clearance System Business Days following a trade in the Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

“Settlement Price” means, unless otherwise specified in the Final Terms and subject as referred to in relation to any Averaging Date, Observation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day, Knock-out Determination Day or Valuation Date, as the case may be:

- (i) in the case of Equity Linked Warrants relating to a single Share, (i) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (B) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices of the Share on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and
- (ii) in the case of Equity Linked Warrants relating to a Basket of Shares, (i) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices for each Share in the Basket of Shares on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

“Settlement Price Date” means any Automatic Early Expiration Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date, Valuation Date or the last Averaging Date, as the case may be.

“Shares” and **“Share”** mean in the case of an issue of Warrants relating to a Basket of Shares, each share and, in the case of an issue of Warrants relating to a single Share, the share, specified in the Final Terms and related expressions shall be construed accordingly.

“Share Company” means, in the case of an issue of Warrants relating to a single Share, the company that has issued such Share.

“Share Correction Period” means (i) the period specified in the Final Terms, or (ii) if none is so specified, one Settlement Cycle.

“Specified Maximum Days of Disruption” means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

“Stop-Loss Event” means, in respect of a Share, the price of any Share as quoted on the relevant Exchange for such Share at any time or the Scheduled Closing Time, as specified in the Final Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, is less than 5 per cent., or such percentage specified in the Final Terms, price given as the benchmark price for such Share in the Final Terms, all as determined by the Calculation Agent.

“Strike Date” means the Strike Date specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Equity Linked Warrants relating to a single Share, the Strike Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or
- (b) in the case of Equity Linked Warrants relating to a Basket of Shares, the Strike Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Shares forming part of the Basket of Shares unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day relating to

any Share of the Basket of Shares. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for each Share of the Basket of Shares, notwithstanding the fact that such day is a Disrupted Day with respect to any Share, and (ii) the Calculation Agent shall determine the relevant price using, in relation to the relevant affected Share, the level or value as applicable, determined in the manner set out in the Final Terms, and, in the case of a Share, a price determined in the manner set out in the Final Terms or, if not set out or if not practicable, using its good faith estimate of the value for the affected Share as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

“Strike Day” means each date specified as such in the applicable Final Terms.

“Strike Period” means the period specified as the Strike Period in the Final Terms.

“Trading Disruption” means, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Share or (b) in futures or options contracts relating to such Share on any relevant Related Exchange.

“Valuation Date” means Strike Date, Expiration Date, Actual Exercise Date, Potential Exercise Date(s) and Specified Exercise Date as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Equity Linked Warrants relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or
- (b) in the case of Equity Linked Warrants relating to a Basket of Shares, the Valuation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Shares forming part of the Basket of Shares unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to any Share of the Basket of Shares. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Share of the Basket of Shares, notwithstanding the fact that such day is a Disrupted Day with respect to any Share, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the relevant affected Share, the level or value as applicable, determined in the manner set out in the Final Terms, and, in the case of a Share, a price determined in the manner set out in the Final Terms or, if not set out or if not practicable, using its good faith estimate of the value for the affected Share as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions; and

“Valuation Time” means the Valuation Time specified in the Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

“Weighting” means the weighting to be applied to each item of the Basket of Shares as specified in the Final Terms.

ANNEX 4
ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED WARRANTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to Fund Linked Warrants shall comprise the general terms and conditions of the Warrants set out under the heading “Terms and Conditions of the Warrants” (the “**General Conditions**”) and the Additional Terms and Conditions for Fund Linked Warrants set out below (the “**Fund Linked Conditions**”), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms, in each case subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Fund Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Disrupted Day in respect of Warrants linked to one or more ETFs

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with General Condition 9 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, an Observation Date, a Valuation Date, an Automatic Early Expiration Valuation Date, or any Knock-in Determination Day or Knock-out Determination Day, as the case may be.

2. Knock-in Event and Knock-out Event in respect of ETFs:

- (a) This Fund Linked Condition 2 is applicable only if:
 - (i) If “**Knock-in Event**” is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, any payment and/or delivery, as applicable under the relevant Warrants which is expressed in the Final Terms to be subject to a Knock-in Event, shall be conditional upon the occurrence of a Knock-in Event.
 - (ii) If “**Knock-out Event**” is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, any and/or payment delivery, as applicable under the relevant Warrants which is expressed in the Final Terms to be subject to a Knock-out Event, shall be conditional upon the non occurrence of a Knock-out Event.
- (b) If the Fund is an ETF and:
 - (i) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time the price of the Fund Share triggers the Knock-in Event or the Knock-out Event, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Fund Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.
 - (ii) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time/or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins or ends at the time on which the price of the Fund Share triggers a Knock-in Event or a Knock-out Event, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected Fund Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

3. Extraordinary Fund Events

“**Extraordinary Fund Event**” means, in the determination of the Calculation Agent, the occurrence at any time on or after the Issue Date of any of the following events and any applicable Additional Extraordinary Fund Event:

- (a) the Fund or any Fund Service Provider (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (iii)(1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not immediately dismissed, discharged, stayed or restrained; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not immediately dismissed, discharged, stayed or restrained; or (vi) causes or is subject to any event with respect to it, which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in sub-clauses (i) to (v) above;
- (b) the commencement of any investigative, judicial, administrative or other civil or criminal proceedings against the Fund, any Fund Service Provider or any key personnel of such entities, if such proceedings could (in the opinion of the Calculation Agent) have an adverse impact on a Hedge Provider's rights or obligations in relation to its hedging activities in respect of the Warrants;
- (c) any Fund Service Provider or other agent or entity fulfilling such role, howsoever described in the Fund Documents as at the Issue Date, ceases to act in such capacity in relation to the Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent;
- (d) (i) any of the investment objectives, investment restrictions or investment process (howsoever described) of the Fund are modified from that set out in the Fund Documents except where such change is of a formal, minor or technical nature or (ii) a material modification of the type of assets in which the Fund invests (including but not limited to a material deviation from the investment objectives, investment restrictions or investment process (howsoever described) set out in the Fund Documents);
- (e) a material modification of the Fund (including but not limited to a modification of the Fund Documents) or a material modification of the method of calculating the NAV per Fund Share, or any change in the period or timing of the calculation or the publication of the NAV per Fund Share or the occurrence of any event which in the determination of the Calculation Agent has or may have an adverse impact on the Fund or investors in the Fund (including, without limitation, the suspension of the NAV per Fund Share), in each case other than a modification or event which does not affect the Fund Shares or the Fund or any portfolio of assets to which the Fund Share relate (either alone or in common with other Fund Shares issued by the Fund);
- (f) any Fund Service Provider fails to provide the Calculation Agent, within a reasonable time, with any information that the Calculation Agent has reasonably requested regarding the investment portfolio of the Fund;
- (g) (i) the occurrence of any event affecting a Fund Share that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of the relevant Fund Share; (ii) any failure of the Fund, or its authorised representative, to deliver, or cause to be delivered, (1) information that the Fund has agreed to deliver, or cause to be delivered to the Calculation Agent or Hedge Provider, or (2) information that has been previously delivered to any Hedge Provider or the Calculation Agent, as applicable, in accordance with the Fund's, or its authorised representative's,

normal practice and that any Hedge Provider deems necessary for it or the Calculation Agent, as applicable, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the relevant Fund Share;

- (h) any of the Fund, the Fund Service Providers, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund fails for any reason to calculate and publish the NAV per Fund Share within the Number of NAV Publication Days following any date scheduled for the determination of the valuation of the Fund Shares unless the cause of such failure to publish is of a technical nature and outside the control of the entity responsible for such publication;
- (i) (i) any relevant activities of or in relation to the Fund or the Fund Service Providers are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, (ii) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of the Fund Service Providers, (iii) the Fund is required by a competent authority to redeem any Fund Shares and/or (iv) the Issuer, the Guarantor and/or any Hedge Provider is required by a competent authority, the Fund or any other relevant entity to dispose of or compulsorily redeem any Fund Shares held in connection with any hedging arrangements relating to the Warrants;
- (j) (i) the non-execution or partial-execution by the Fund for any reason of a subscription or redemption order in respect of any Fund Shares (including, for the avoidance of any doubt, any non-execution by the Fund pending completion of its fiscal audit), if such non-execution or partial execution could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Warrants, (ii) the Fund otherwise suspends or refuses transfers of any of its Fund Shares as described in the Fund Documents, (iii) if applicable, the Fund ceases to be an undertaking for collective investments under the relevant jurisdiction's legislation, (iv) the Fund otherwise suspends or refuses redemptions of any of its Fund Shares (including, without limitation, if the Fund applies any gating, deferral, suspension or other similar provisions permitting the Fund to delay or refuse redemption or transfer of Fund Shares) as described in the Fund Documents, (v) the Fund imposes in whole or in part any restriction (including, without limitation, any redemption in specie), charge or fee in respect of a redemption or subscription of its Fund Shares by the Issuer or any Hedge Provider or exercises its right to claw back the proceeds already paid on redeemed Fund Shares, as described in the Fund Documents, if in any case it could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Warrants, (vi) a mandatory redemption, in whole or in part, of the Fund Shares is imposed by the Fund on any one or more holders of Fund Shares at any time for any reason or (vii) the Issuer, any Hedge Provider, or any Affiliate thereof, is required by the Fund or Fund Service Provider to redeem any Fund Shares for any reason;
- (k) the aggregate net asset value of the Fund falls below the level of the NAV Barrier;
- (l) a NAV Trigger Event occurs;
- (m) any proposal to wind up the Fund or the Fund ceases to exist or there exists any litigation against the Fund or a Fund Service Provider which in the determination of the Calculation Agent could materially affect the value of the Fund Shares;
- (n) the currency or denomination of the Fund Share is amended from that set out in the Fund Documents so that the net asset value per Fund Share is no longer calculated in the same currency as at the Trade Date;
- (o) one or more of the key individuals involved with, or having supervision over, the Fund ceases to act in such capacity, and the Fund or relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;
- (p) following the issue by a Fund of a new class or series (howsoever described in the Fund Documents) of shares, the Calculation Agent, determines that such new class or series of shares has or may have an adverse effect on the hedging activities of the Hedge Provider in relation to the Warrants;
- (q) where the Warrants are linked to a Fund Basket, a Basket Trigger Event;

- (r) there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge Provider in respect of the Warrants, (a “Tax Event”) and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date the Calculation Agent determines that there is no reasonable means of mitigating the Tax Event;
- (s) in connection with any hedging activities in relation to the Warrants, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Issue Date, or issue of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a “**Relevant Event**”) (i) it would become unlawful or impractical for the Issuer or the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider or the Issuer to adversely modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in respect of any holding of Fund Shares or that would subject a holder of the Fund Shares or the Issuer to any loss), purchase or sell any Fund Shares of the Fund or for the Issuer or the Hedge Provider to maintain such hedging arrangements, (ii) the cost to the Issuer or the Hedge Provider of such hedging activities would be materially increased for any reason or (iii) the Issuer and/or the Hedge Provider would be subject to a material loss and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date the Calculation Agent determines that there is no reasonable means of mitigating the Relevant Event;
- (t) in connection with the hedging activities in relation to the Warrants, if the cost to the Issuer or the Hedge Provider in relation to the Warrants would be materially increased or the Issuer and/or the Hedge Provider would be subject to a material loss; or
- (u) in the case of a Fund which is an ETF, the relevant Exchange announces that pursuant to the rules of such Exchange, the relevant Fund Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or otherwise (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

4. Consequences of a Extraordinary Fund Event

Following the occurrence of an Extraordinary Fund Event including any Additional Extraordinary Fund Event specified in the Final Terms, the Calculation Agent shall, unless otherwise specified in the Final Terms either (i) effect a Substitution (as defined below) if a Substitution Event has occurred or (ii) subject as provided in Fund Linked Condition 5 (*Settlement or Termination Date Extension*) below, if it is impossible or not reasonably practicable to effect a Substitution or a Termination Event has occurred, cancel the Warrants by payment of the Termination Amount on the Termination Date.

(a) Substitution

A “**Substitution Event**” shall be deemed to have occurred if the Calculation Agent determines that any of the Extraordinary Fund Events set out in sub-paragraphs (a) to (p) inclusive of Fund Linked Condition 3 (*Extraordinary Fund Events*) or any Additional Extraordinary Fund Event specified in the Final Terms as being a Substitution Event occurs. Following the occurrence of a Substitution Event in respect of any Fund Share, the Calculation Agent shall:

- (i) determine the weighted average price at which an investor can redeem the affected Fund Shares in the relevant Fund in such number as determined by the Calculation Agent in its sole and absolute discretion as soon as it is reasonably practicable after its determination of the Substitution Event;
 - (ii) for a period of not longer than 14 calendar days after the date of its determination of the Substitution Event, use reasonable efforts to substitute the relevant Fund Shares with shares, units or other similar interests in an alternative fund which, in the determination of the Calculation Agent, has similar characteristics to the relevant Fund, including but not limited to, comparable investment objectives, investment restrictions and investment processes and has service providers acceptable to the Calculation Agent;
 - (iii) if no alternative fund can be determined pursuant to the preceding sub-paragraph (ii) above, use reasonable efforts to substitute the relevant Fund with an index (or a fund tracking an index) selected by the Calculation Agent in its sole and absolute discretion; and
 - (iv) following any substitution in accordance with sub-paragraph (ii) or (iii) above (a “**Substitution**”), in its sole and absolute discretion amend such of the terms of the Terms and Conditions and/or the Final Terms as it determines to be appropriate to take account of such Substitution, including to ensure the weighted average price referred to in (i) above (and any consequent rise or fall in value of the affected Fund Shares since the Issue Date) is reflected in the terms of the Substitution.
- (b) Termination

A “**Termination Event**” shall be deemed to have occurred in respect to any Fund or Fund Share if any of the Extraordinary Fund Events set out in sub-paragraphs (q) to (u) inclusive of Fund Linked Condition 3 (*Extraordinary Fund Events*) or any Additional Extraordinary Fund Event specified in the Final Terms and specified as being a Termination Event occurs. Upon the occurrence of a Termination Event the Issuer shall cancel all but not some only of the Warrants on the Termination Date by payment to each Warrantholder of the Termination Amount.

Upon determining the occurrence of an Extraordinary Fund Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with General Condition 9 (*Notices*), giving details of the Extraordinary Fund Event and the action to be taken in respect thereof.

5. Settlement or Termination Date Extension

In the case of Cash Settled Warrants, if on the scheduled Settlement Date, Automatic Early Expiration Valuation Date, or Termination Date, as the case may be, the Hedge Provider has not (or is deemed to have not), after having placed one or more redemption orders in respect of its holding of Fund Shares in accordance with the terms of the relevant Fund Documents, received redemption proceeds in full in respect of all Fund Shares (the “**Redemption Proceeds**”), the Calculation Agent may notify the Warrantholders in accordance with General Condition 9 (*Notices*) that the Settlement Date, Automatic Early Expiration Valuation Date, or the Termination Date, as the case may be, has been postponed. As soon as practicable following receipt (or deemed receipt) by the Hedge Provider of the Redemption Proceeds the Calculation Agent shall give notice to Warrantholders in accordance with General Condition 9 (*Notices*) (such notice the “**Delayed Payment Notice**”) and cancel the Warrants on the date falling not more than five Business Days following the receipt of the Delayed Payment Notice (such date, the “**Postponed Cancellation Date**”) by payment to each Warrantholder of the Settlement Amount, the Automatic Early Exercise Amount or the Termination Amount, as the case may be, provided that, if the Hedge Provider does not receive the Redemption Proceeds within the period ending on the date (the “**Delayed Payment Cut-off Date**”) specified in the Final Terms or, if not so specified, the second anniversary the Scheduled Settlement Date, the Automatic Early Expiration Date, or the Termination Date, as the case may be, the Postponed Settlement Date shall be the Delayed Cut-off Date.

6. Automatic Early Expiration Event

If “Automatic Early Expiration” is specified as applicable in the Final Terms, then unless previously exercised or purchased and cancelled, if (i) on any Automatic Early Expiration Valuation Date or (ii) in respect of an Automatic Early Expiration Valuation Period, as specified in the Final Terms, an Automatic Early Expiration Event occurs, then the Warrants shall be cancelled in whole, but not in part, on the Automatic Early Expiration Settlement Date immediately following such Automatic Early Expiration Valuation Date or Automatic Early Expiration Valuation Period, as applicable, and the Issuer shall settle each Warrant at an amount in the relevant currency as specified in the Final Terms equal to the relevant Automatic Early Expiration Amount.

7. Definitions

“**Additional Extraordinary Fund Event**” has the meaning given to it in the Final Terms.

“**Automatic Early Expiration Amount**” means an amount calculated as set out in the Final Terms.

“**Automatic Early Expiration Settlement Date**” means each date specified as such in the Final Terms or if such date is not a Business Day, the next following Business Day, and no Warrantholder shall be entitled to any further payment in respect of such delay.

“**Automatic Early Expiration Event**” means the AEE Value is,

- (i) greater than;
 - (ii) greater than or equal to;
 - (iii) less than; or
 - (iv) less than or equal to,
the Automatic Early Expiration Price,
- (i), (ii), (iii) or (iv) applying as specified in the Final Terms.

“**Automatic Early Expiration Level**” means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in Fund Linked Condition 4 above.

“**Automatic Early Expiration Valuation Date**” means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Expiration Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Expiration Valuation Date.

“**Automatic Early Expiration Valuation Period**” means each period specified as such in the Final Terms;

“**Automatic Early Expiration Valuation Time**” has the meaning given it in the Final Terms.

“**AEE Value**” has the meaning given to it in the Final Terms, being a term defined in Payment Condition 5.2 (*Value Definitions*).

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

- (a) If “Omission” is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified as applying in the Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “Modified Postponement” is specified as applying in the Final Terms then:
 - (i) where the Warrants are Fund Linked Warrants relating to a single Fund, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant

level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “**Valuation Date**” below;

- (ii) where the Warrants are Fund Linked Warrants relating to a Fund Basket, the Averaging Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for each Fund Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Fund Share. If the first succeeding Valid Date in relation to such Fund Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Fund Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “**Valuation Date**” below.
- (iii) for the purposes of these Terms and Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

“**Basket Trigger Event**” means that a Substitution Event occurs in respect of one or more Funds comprising the Fund Basket which has or, in the event that a Substitution Event has occurred in respect of more than one Fund, together have, a Weighting in the Fund Basket equal to or greater than the Basket Trigger Level.

“**Basket Trigger Level**” has the meaning given to it in the Final Terms or if not so specified, 50 per cent.

“**Calculation Date**” means each day(s) specified in the Final Terms, or if not so specified, each day which is a Fund Business Day.

“**Cash Facility**” means:

- (a) if Overnight USD LIBOR Facility is specified in the Final Terms, a notional account with a cash balance which may be positive, negative or zero bearing interest at the over-night USD deposit rate appearing on Reuters page LIBOR01 (or such other source as the Calculation Agent deems appropriate for displaying LIBOR for over-night deposits in USD) as of 11:00 a.m., London time, on the day that is two London Business Days prior to such day plus (if the Cash Facility is negative) or minus (if the Cash Facility is positive) the Spread accrued on an Actual/360 day count basis from and including each Business Day to but excluding the immediately following Business Day; or
- (b) if Overnight EURIBOR Facility is specified in the Final Terms, a notional account with a cash balance which may be positive, negative or zero bearing interest at the European over-night index average rate for deposits in EUR appearing on Reuters page EONIA= (or such other source as the Calculation Agent deems appropriate for displaying EURIBOR for over-night deposit in EUR) as of 7:00 p.m., Central European time, on that day plus (if the Cash Facility is negative) or minus (if the Cash Facility is positive) the Spread accrued on an Actual/360 day count basis from and including each Business Day to but excluding the immediately following Business Day; or
- (c) if 3 month USD LIBOR Facility is specified in the Final Terms, a notional account with a cash balance which may be positive, negative or zero bearing interest at the 3 Months USD deposit rate appearing on Reuters page LIBOR01 (or such other source as the Calculation Agent deems appropriate for displaying LIBOR for 3 Months deposits in USD) as of 11:00 a.m., London time, on the day that is two London Business Days prior to such day plus (if the Cash Facility is negative) or minus (if the Cash Facility is positive) the Spread accrued on an Actual/360 day count basis from and including each Business Day to but excluding the immediately following Business Day; or
- (d) if 3 month EURIBOR Facility is specified in the Final Terms, a notional account with a cash balance which may be positive, negative or zero bearing interest at the 3 Months EUR deposit rate appearing on Reuters page EURIBOR01 (or such other source as the Calculation Agent deems appropriate for displaying the EURIBOR for 3 Months deposits in EUR) as of 11:00 a.m., Central European time, on the day that is two TARGET Settlement Days prior to such day plus (if the Cash Facility is negative) or minus (if the Cash Facility is positive) the Spread accrued on an Actual/360 day count basis from and including each Business Day to but excluding the immediately following Business Day; or
- (e) such other notional account as may be specified in the Final Terms.

“Disrupted Day” means, in the case of an ETF, any Scheduled Trading Day on which:

- (a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;
- (b) a Market Disruption Event has occurred; or
- (c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Fund Linked Warrant and (ii) Index Linked Warrants and/or Equity Linked Warrants, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Equity Linked Conditions.

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

“ETF” means any Fund specified as being an Exchange Traded Fund in the Final Terms, or if not so specified, any Fund which the Calculation Agent determines to be an exchange traded fund.

“Exchange” means, in the case of an ETF and in relation to a Fund Share, each exchange or quotation system specified as such for such Fund Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Fund Share on such temporary substitute exchange or quotation system as on the original Exchange).

“Exchange Business Day” means in the case of an ETF, either (i) in the case of a single Fund Share, Exchange Business Day (Single Fund Share Basis) or (ii) in the case of a basket of Funds or other assets, (a) Exchange Business Day (All Fund Shares Basis) or (b) Exchange Business Day (Per Fund Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Exchange Business Day (Per Fund Share Basis) shall apply.

“Exchange Business Day (All Fund Shares Basis)” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading session(s) notwithstanding any such Exchange or Related Exchange closing prior to its (their) Scheduled Closing Time.

“Exchange Business Day (Cross Asset Basis)” means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Funds comprised in the basket of assets is open for trading during its regular trading session(s) (notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or Equity Linked Conditions, as applicable.

“Exchange Business Day (Per Fund Share Basis)” means, in respect of a Fund Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, in respect of such Fund Share are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

“Exchange Business Day (Single Fund Share Basis)” means, in respect of a Fund Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

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

“Exchange Rate” in relation to a Fund Share, shall have the meaning given in the Final Terms.

“Final Calculation Date” means the date specified as such in the Final Terms.

“Fund” means the fund(s), or sub-fund(s) or ETF(s) specified in the Final Terms (including mutual funds or hedge funds, if so specified in the Final Terms).

“Fund Basket” means a Basket comprising the Fund Shares (including, if applicable, Fund Shares in one or more ETFs) specified in the Final Terms.

“Fund Business Day” has the meaning specified in the Final Terms, or, if not so specified, (i) in respect of a Fund other than an ETF, a day which is (or but for the imposition of any suspension period or similar limitation, would have been) a day on which subscription and redemption orders in respect of the relevant Fund Shares are accepted by the Fund; (ii) in respect of an ETF, each Scheduled Trading Day; (iii) in respect of a Fund Basket not comprised of Fund Shares of ETFs, either Fund Business Day (All Fund Shares Basis) or Fund Business Day (Per Fund Share Basis) as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Fund Business Day (Per Fund Share Basis) shall apply; and (iv) in respect of a Fund Basket comprised of ETFs, a day which is a Scheduled Trading Day in respect of each Fund Share comprising the Fund Basket.

“Fund Business Day (All Fund Shares Basis)” means a day on which subscription and redemption orders in respect of each of the Fund Shares comprising the Fund Basket are accepted by each relevant Fund.

“Fund Business Day (Per Fund Share Basis)” means, in respect of a Fund Share, a day on which subscription and redemption orders in respect of such Fund Share are accepted by the relevant Fund.

“Fund Documents” means, with respect to any Fund Share, the constitutive and governing documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund Shares specified in the Final Terms as of the Issue Date.

“Fund Reporting Date” means, in respect of the Fund Shares and a Calculation Date, the date on which the NAV per Fund Share is reported or published in respect of such Calculation Date.

“Fund Service Provider” means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for such Fund, whether or not specified in the Fund Documents, including any investment advisor or manager, fund adviser, fund administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the Final Terms.

“Fund Share(s)” means an ownership interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest specified as such in the Final Terms.

“Hedge Provider” means the party (being, inter alia, the Issuer, the Guarantor (if applicable), the Calculation Agent, an Affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Warrants or where no such party actually hedges such obligations, a hypothetical investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of Fund Shares, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of Fund Shares as it (or in the case of a hypothetical investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Warrants.

“Implied Embedded Option Value” means an amount which may never be less than zero equal to the present value as at the Implied Embedded Option Value Determination Date of any future payments under the Warrants determined by the Calculation Agent in its sole and absolute discretion taking into account, without limitation, such factors as interest rates, the net proceeds achievable from the sale of any Fund Shares by the Hedge Provider, the volatility of the Fund Shares and transaction costs.

“Implied Embedded Option Value Determination Date” means the date determined by the Calculation Agent to be the first date on which it is possible to determine the Implied Embedded Option Value following the occurrence of an Extraordinary Fund Event.

“Initial Calculation Date” means the date specified as such in the Final Terms.

“Knock-in Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

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

“Knock-in Event” means the Knock-in Value is (A):

greater than;

greater than or equal to;

less than; or

less than or equal to,

the Knock-in Price or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, in each case as specified in the Final Terms,

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

“Knock-in Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“Knock-in Price” means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Condition.

“Knock-in Range” means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Fund Linked Condition 1 (Disrupted Day in respect of Warrants linked to one or more ETFs) and Fund Linked Condition 3 (Extraordinary Fund Events)

“Knock-in Valuation Time” means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

“Knock-in Value” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“Knock-out Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

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

“Knock-out Event” means the Knock-out Value is (A):

greater than,

greater than or equal to,

less than or

less than or equal to

the Knock-out Price or (B) within the Knock-out Range (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, in each case as specified in the Final Terms,

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

“Knock-out Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“Knock-out Price” means the price, amount, percentage or number specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Fund Linked Condition 2.

“Knock-out Range” means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Fund Linked Condition 1 (Disrupted Day in respect of Warrants linked to one or more ETFs) and Fund Linked Condition 3 (Extraordinary Fund Events)

“Knock-out Value” has the meaning given to it in the Final Terms, being a term defined in the Payout Condition 5.2.

“Knock-out Valuation Time” means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or, in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

“London Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

“Market Disruption Event” means, if the Fund is an ETF, in respect of a Fund Share the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant Fund Share triggers, respectively, the occurrence of the Knock-in Event or Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

“NAV Barrier” has the meaning given to it in the Final Terms.

“NAV Trigger Event” means, in respect of any Fund Shares, that (i) the NAV per Fund Share has decreased by an amount equal to, or greater than, the NAV Trigger Percentage(s) at any time during the related NAV Trigger Period; or (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgement of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any other contractual restriction binding on or affecting the Fund or any of its assets.

“NAV Trigger Percentage” means the percentage specified in the Final Terms or, if not so specified, 50%.

“NAV Trigger Period” means the period specified in the Final Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date.

“NAV per Fund Share” means, with respect to the relevant Fund Shares and the Fund Reporting Date relating to such Fund Shares, (i) the net asset value per Fund Share of such Fund Shares as of the relevant Calculation Date, as reported on such Fund Reporting Date by the Fund Service Provider that generally publishes or reports such value on behalf of the Fund to its investors or a publishing service, or (ii), if the Fund Service Provider of the Fund publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant Calculation Date as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares divided by the relevant number of Fund Shares.

“Number of NAV Publication Days” means the number of calendar days specified in the Final Terms, being the maximum number of days after the due date for publication or reporting of the NAV per Fund Share after which the Fund Service Provider or any entity fulfilling such role, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund, may remedy any failure to publish or report the NAV per Fund Share before the Calculation Agent may determine that an Extraordinary Fund Event has occurred.

“Observation Date” means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the provisions relating to “Omission”, “Postponement” or “Modified Postponement”, as the case may be, contained in the definition of “Averaging Date” shall apply *mutatis mutandis* as if references in such provisions to “Averaging Date” were to “Observation Date”.

“Observation Period” means the period specified as the Observation Period in the Final Terms.

“Portfolio” means the notional portfolio specified in the Final Terms.

“Related Exchange” means, in the case of an ETF and in relation to a Fund Share, each exchange or quotation system specified as such for such Fund Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Fund Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Fund Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where “All Exchanges” is specified as the Related Exchange in the Final Terms,

“Scheduled Trading Day” means either (i) in the case of a single ETF and in relation to a Fund Share, Scheduled Trading Day (Single Fund Share Basis) or (ii) in the case of a basket of Funds or other assets, (a) Scheduled Trading Day (All Fund Shares Basis) or (b) Scheduled Trading Day (Per Fund Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Exchange Business Day (Per Fund Share Basis) shall apply.

“Scheduled Trading Day (All Fund Share Basis)” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading during their respective regular trading session(s);.

“Scheduled Trading Day (Cross Asset Basis)” means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Funds comprised in the basket of assets is scheduled to be open for trading during its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Equity Linked Conditions, as applicable.

“Scheduled Trading Day (Per Fund Share Basis)” means, in respect of a Fund Share, any day on which the relevant Exchange and the relevant Related Exchange in respect of such Fund Share are scheduled to be open for trading during their respective regular trading session(s);

“Scheduled Trading Day (Single Fund Share Basis)” means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

“Scheduled Valuation Date” means any day which but for the occurrence of a Disrupted Day would have been a Valuation Date.

“Settlement Price” means, unless otherwise specified in the Final Terms and subject as referred to in relation to any Observation Date, Valuation Date, Automatic Early Expiration Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be:

- (i) in the case of Fund Linked Warrants relating to a Fund Basket comprised of Fund Shares in one or more ETFs and in respect of each Fund Share comprising the Fund Basket, an amount equal to the official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Expiration Valuation Date or Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Fund Share on (a) if Averaging is not specified in the Final Terms, the Valuation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date (or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) for such Fund Share whose official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Expiration Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Fund Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Weighting, such value to be converted, if so specified in the Final Terms, into the Specified Currency at the Exchange Rate, all as determined by or on behalf of the Calculation Agent; and
- (ii) in the case of Fund Linked Warrants relating to a single ETF, an amount equal to the official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or an Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Fund Share on (a) if Averaging is not specified in the Final Terms, the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be,

if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) for the Fund Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Fund Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the Final Terms, into the Specified Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent.

“Simple Interest” means an amount calculated by the Calculation Agent equal to the amount of interest that would accrue on the Implied Embedded Option Value during the period from (and including) the Implied Embedded Option Value Determination Date to (and including) the Final Calculation Date calculated on the basis that such interest were payable by the Floating Rate Payer under an interest rate swap transaction incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. under which:

- (i) the Effective Date is the Implied Embedded Option Value Determination Date;
- (ii) the Termination Date is the Termination Date;
- (iii) the Floating Rate Payer Payment Date is the Termination Date;
- (iv) the Floating Rate Option is EUR-EURIBOR-Reuters (if the Specified Warrant Currency is EUR) or USD-LIBOR-BBA (if the Specified Warrants Currency is USD);
- (v) the Designated Maturity is 3 months;
- (vi) the Simple Interest Spread is as specified in the Final Terms, or if not so specified minus 0.125 per cent.;
- (vii) the Floating Rate Day Count Fraction is Actual/360;
- (viii) the Reset Date is the Implied Embedded Option Value Determination Date and each date falling three calendar months after the previous Reset Date; and
- (ix) Compounding is Inapplicable, provided that if the final Compounding Period is less than 3 months Linear Interpolation applies.

“Specified Maximum Days of Disruption” means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

“Spread” is as specified in the applicable Final Forms.

“Termination Amount” means an amount in the Specified Currency calculated as specified in the Final Terms or if not so specified the Implied Imbedded Options Value less the Exercise Price.

“Termination Date” means (i) the date specified in the Final Terms, or (ii) if Delayed Settlement on the Occurrence of an Extraordinary Fund Event is specified as being applicable in the Final Terms, the Settlement Date.

“Trading Disruption” means, in the case of an ETF and in relation to a Fund Share, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise (i) relating to the Fund Share on the Exchange; or (ii) in futures or options contracts relating to the Fund Share on any relevant Related Exchange.

“Valuation Date” means, in the case of Fund Linked Warrants relating to one or more ETF, the Strike Date, Expiration Date, Actual Exercise Date, Potential Exercise Date(s) and Specified Exercise Date as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) in the case of Fund Linked Warrants relating to a single Fund Share of an ETF, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

- (b) in the case of Fund Linked Warrants relating to a basket of Fund Shares of one or more ETFs, the Valuation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Fund Share affected (each an “Affected Item”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the Final Terms, and, in the case of a Fund Share, a price determined in the manner set out in the Final Terms or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions; and

“**Valuation Time**” in the case of an ETF and in relation to a Fund Share means either (i) the close of trading on the Exchange or (ii) as otherwise specified in the Final Terms.

“**Weighting**”, in relation to a Fund Share, has the meaning given in the Final Terms.

“**Zero Coupon Bond**” or “**ZC**” means a notional zero coupon bond with the following characteristics: (i) an issuer of similar creditworthiness and funding costs to the Issuer or where the Issuer is BBVA Global Markets B.V., the Guarantor; (ii) an issue date scheduled to fall on the Initial Calculation Date; (iii) a maturity date scheduled to fall on the Final Calculation Date; (iv) a nominal amount of either USD1.00 or EUR 1.00 as determined by the Calculation Agent; and (v) a final redemption amount of either USD1.00 or EUR 1.00 as determined by the Calculation Agent.

“**Zero Coupon Curve**” means either (a) where the Specified Currency is EUR, a notional EUR reference curve calculated by the Calculation Agent in its sole and absolute discretion on the basis of such rates for deposits in EUR as it may determine to be appropriate at 11:00 a.m., Central European Time; or (b) where the Specified Currency is USD, a notional reference curve calculated by the Calculation Agent in its sole and absolute discretion on the basis of such rates for deposits in USD as it may determine to be appropriate at 11:00 a.m., London Time, in each case adjusted by the Calculation Agent, if applicable to take into account the rates then available for financial institutions with a credit rating for long term debt equal to that of BBVA.

ANNEX 5
ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED WARRANTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to Inflation Linked Warrants shall comprise the general terms and conditions of the Warrants set out under the heading “Terms and Conditions of the Warrants” (the “**General Conditions**”) and the Additional Terms and Conditions for Inflation Linked Warrants set out below (the “**Inflation Linked Conditions**”), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms, in each case subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Inflation Linked Conditions, the Inflation Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Inflation Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Delay in Publication

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Index has occurred, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation of any payment or delivery under the Warrants and/or any other determination to be made in respect of the Warrants (the “**Substitute Inflation Index Level**”) shall be determined by the Calculation Agent (subject to Inflation Linked Condition 3(ii) (*Substitute Inflation Index Level*) below), as follows:

- (i) if Related Bond is specified as applicable in the Final Terms, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond; or
- (ii) if (a) Related Bond is not specified as applicable in the Final Terms, or (b) the Calculation Agent is not able to determine a Substitute Inflation Index Level under (i) above for any reason, then the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

Substitute: Inflation Index Level = Base Level x (Latest Level/Reference Level)

where:

“**Base Level**” means the level of the Index (excluding any “flash” estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined.

“**Latest Level**” means the latest level of the Index (excluding any “flash” estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined.

“**Reference Level**” means the level of the Index (excluding any “flash” estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in “Latest Level” above.

The Issuer shall promptly give notice to Warrantholders in accordance with General Condition 9 (*Notices*) of any Substitute Inflation Index Level calculated pursuant to this Inflation Linked Condition 1 (*Delay in Publication*).

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the Final Terms, then, subject as provided in Inflation Linked Condition 3 (*Adjustments*), such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Linked Condition 1 (*Delay in Publication*) will be the definitive level for that Reference Month.

2. Successor Index

If the Calculation Agent determines that the level of an Index has not been published by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (a “**Successor Index**”) (in lieu of any previously applicable Index) for the purposes of the Warrants as follows:

- (i) if Related Bond is specified as applicable in the Final Terms, the Calculation Agent shall determine a “Successor Index” by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (ii) if (x) Related Bond is not specified as applicable in the Final Terms or (y) a Related Bond Redemption Event is specified as applying in the Final Terms and has occurred and Fallback Bond is not specified as applicable in the Final Terms, the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as

used in the calculation of the previously applicable Index, such replacement index shall be deemed the Successor Index for the purposes of the Warrants from the date that such replacement Index comes into effect;

- (iii) if no Successor Index has been determined under paragraphs (i) or (ii) above the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If at least four responses are received, and of those responses, three or more leading independent dealers state the same index, such index will be deemed the Successor Index. If three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the Successor Index. If fewer than three responses are received by the Cut-Off Date or no Successor Index is determined pursuant to this provision, the Calculation Agent will apply the provisions of paragraph (iv) below;
- (iv) if no Successor Index has been determined pursuant to paragraphs (a), (b) or (c) above, by the next occurring Cut-Off Date, subject as provided below, the Calculation Agent will determine an appropriate alternative index as of such Cut-Off Date for such affected Determination Date, and such index will be deemed a Successor Index for the purposes of the Warrants; or
- (v) if the Calculation Agent cannot determine an appropriate alternative index pursuant to sub-paragraphs (i) to (iv) above, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Warrants. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to Warrantholders by the Issuer in accordance with General Condition 9 (*Notices*).

3. Adjustments

(i) Successor Index

If a Successor Index is determined in accordance with Inflation Linked Condition 2 (*Successor Index*), the Calculation Agent may make any adjustment or adjustments (without limitation) to any amount payable under the Warrants and/or any other relevant term of the Warrants as the Calculation Agent deems necessary to account for this. The Issuer shall give notice to the Warrantholders of any such adjustment in accordance with General Condition 9 (*Notices*).

(ii) Substitute Inflation Index Level

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with Inflation Linked Condition 1 (*Delay in Publication*), the Issuer may make any adjustment or adjustments (without limitation) to (x) the Substitute Inflation Index Level determined in accordance with Index Linked Condition 1 (*Delay in Publication*) and/or (y) any amount payable under the Warrants and/or any other relevant term of the Warrants, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the Warrantholders of any such adjustment in accordance with General Condition 9 (*Notices*).

(iii) Index Level Adjustment Correction

- (a) The first publication or announcement of the Relevant Level (excluding any “flash” or other estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Inflation Linked Condition 3(iii)(b) and (c) below, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP National- Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Relevant Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination Date will be valid and the revised Relevant Level for the relevant Reference Month will be deemed to be the final and conclusive Relevant Level for such Reference Month. The Issuer shall give notice to the Warrantholders of any valid revision in accordance with General Condition 9 (*Notices*).
- (b) If, within 30 days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to any amount payable under the Warrants and/or any other relevant term of the Warrants as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the Warrantholders of any such adjustment and/or amount in accordance with General Condition 9 (*Notices*).

- (c) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Inflation Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Warrants and that the Substitute Inflation Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) request the Issuer to make any adjustment to any amount payable under the Warrants and/or any other relevant term of the Warrants as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the Warrantholders of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with General Condition 9 (*Notices*).

(iv) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to any amount payable under the Warrants (including the Cash Settlement Amount and the Exercise Price), and/or any other relevant term of the Warrants (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to such amount (including the Cash Settlement Amount and the Exercise Price) and/or any other relevant term of the Warrants as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the Warrantholders of any such adjustment in accordance with General Condition 9 (*Notices*).

(v) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the “**Rebased Index**”) will be used for purposes of determining the Relevant Level from the date of such rebasing; provided, however, that the Calculation Agent may make (A) if Related Bond is specified as applicable in the Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (B) if Related Bond is not specified as applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased and in each case the Issuer may make any adjustment(s) to any amount payable under the Warrants and/or any other term of the Warrants as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Calculation Agent may cancel each Warrant on a date notified by the Issuer to Warrantholders in accordance with General Condition 9 (*Notices*) at its fair market value as determined by the Calculation Agent as at the date of cancellation taking into account the rebasing, less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any adjustment, cancellation of the Warrants or determination pursuant to this paragraph shall be given to Warrantholders in accordance with General Condition 9 (*Notices*).

(vi) Index Modification

- (a) If on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the Final Terms, make any adjustments to any Relevant Level and/or any other relevant term of the Warrants (including, without limitation, any amount payable under the Warrants), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is not specified as applicable in the Final Terms or a Related Bond Redemption Event has occurred make only those adjustments to the Index, any Relevant Level and/or any other term of the Warrants (including, without limitation, any amount payable under the Warrants), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.
- (b) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of sub-paragraph (a) above will apply, or, notwithstanding that the Index Modification has

occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (a) above.

(vii) Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Warrants (including, without limitation, any amount payable under the Warrants to account therefor, or may cancel each Warrant on the date notified by the Issuer to Warrantholders in accordance with General Condition 9 (*Notices*) at its fair market value (as determined by the Calculation Agent) as at the date of cancellation taking into account the relevant Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any cancellation of the Warrants shall be given to Warrantholders in accordance with General Condition 9 (*Notices*).

(viii) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Warrants (including, without limitation, any amount payable under the Warrants to account therefor or may cancel each Warrant on the date notified by the Issuer to Warrantholders in accordance with General Condition 9 (*Notices*) at its fair market value (as determined by the Calculation Agent) as at the date of cancellation taking into account the Index Cancellation, less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements plus, if applicable and already paid, the Exercise Price. Notice of any cancellation of the Warrants pursuant to this paragraph shall be given to Warrantholders in accordance with General Condition 9 (*Notices*).

4. Definitions

“**Additional Disruption Event**” means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Final Terms.

“**Change in Law**” means that, on or after the Trade Date (as specified in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire or dispose of any relevant hedge positions in respect of the Index for purposes of the Warrants.

“**Cut-Off Date**” means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the Final Terms.

“**Delayed Index Level Event**” means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the “**Relevant Level**”) in respect of any Reference Month which is relevant to the calculation of any payment or delivery under the Warrants and/or any other determination in respect of the Warrants, in each case by the related Cut-Off Date.

“**Determination Date**” means each originally scheduled date for payment or delivery or any other relevant determination in relation to the Warrants in each case by reference to an Index and/or Index Level(s) or values(s).

“**Fallback Bond**” means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Settlement Date, (b) the next longest maturity after the Settlement Date if there is no such bond maturing on the Settlement Date, or (c) the next shortest maturity before the Settlement Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds in its discretion. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

“Hedging Disruption” means that the Issuer, the Guarantor and/or any of their respective Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk of the Issuer or the Guarantor, (if applicable), issuing and performing its obligations with respect to the Warrants, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

“Increased Cost of Hedging” means that the Issuer, the Guarantor and/or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor, (if applicable) issuing and performing its obligations with respect to the Warrants, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, the Guarantor and/or any of their respective Affiliates shall not be deemed an Increased Cost of Hedging.

“Index” means the index or indices specified in the Final Terms or any Successor Index as determined by the Calculation Agent pursuant to Inflation Linked Condition 2 (*Successor Index*) and related expressions shall be construed accordingly.

“Index Cancellation” means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

“Index Modification” means the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

“Index Sponsor” means the entity that publishes or announces (directly or through an agent) the level of the relevant Index which as of the Issue Date of the Warrants is the Index Sponsor specified in the Final Terms in relation to the relevant Index.

“Rebased Index” has the meaning given to it under Inflation Linked Condition 3 (*Adjustments*) above.

“Reference Month” means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

“Related Bond” means the bond (if any) specified as such in the Final Terms. If the Related Bond specified in the Final Terms is “Fallback Bond”, then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the Final Terms as the Related Bond and “Fallback Bond: Not applicable” is specified in the Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the Final Terms and that bond redeems or matures before the relevant Determination Date, unless “Fallback Bond: Not applicable” is specified in the Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

“Related Bond Redemption Event ” means, if specified as applicable in the Final Terms, at any time prior to the Settlement Date, (a) the Related Bond is redeemed, repurchased or cancelled, (b) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (c) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

“Relevant Level” has the meaning given to it in the definition of Delayed Index Level Event.

“Strike Date” means each date specified as a Strike Date in the Final Terms, subject to adjustment in accordance with these Inflation Linked Conditions.

“Strike Day” means each date specified as such in the applicable Final Terms.

“Strike Period” means the period specified as the Strike Period in the Final Terms.

“Successor Index” has the meaning given to it in under Inflation Linked Condition 2.

“Substitute Inflation Index Level” has the meaning given in Inflation Linked Condition 1

ANNEX 6
ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED WARRANTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to Foreign Exchange (FX) Rate Linked Warrants shall comprise the general terms and conditions of the Warrants set out under the heading “Terms and Conditions of the Warrants” (the “**General Conditions**”) and the Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Warrants set out below (the “**Foreign Exchange (FX) Rate Linked Warrant Conditions**”), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms, in each case subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Foreign Exchange (FX) Rate Linked Warrant Conditions, the Foreign Exchange (FX) Rate Linked Warrant Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Foreign Exchange (FX) Rate Linked Warrant Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

1. Disruption Events

Unless otherwise stated in the Final Terms the occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be a Disruption Event:

- (i) Price Source Disruption;
- (ii) Illiquidity Disruption;
- (iii) Dual Exchange Rate;
- (iv) General Inconvertibility;
- (v) General Non-Transferability;
- (vi) Material Change in Circumstance;
- (vii) Nationalisation or;

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i)-(viii) above (inclusive).

The Calculation Agent shall give notice as soon as practicable to Warrantholders in accordance with General Condition 9 (*Notices*) of the occurrence of a Disrupted Day on any day that but for the occurrence of the Disrupted Day would have been an Averaging Date, Automatic Early Expiration Valuation Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be.

2. Consequences of a Disruption Event

Upon a Disruption Event occurring or continuing on any Averaging Date or any Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply the applicable Disruption Fallback in determining the consequences of the Disruption Event.

“**Disruption Fallback**” means a source or method that may give rise to an alternative basis for determining the Settlement Price when a Disruption Event occurs or exists on a day that is an Averaging Date or a Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the Price Source). The Calculation Agent shall take the relevant actions specified in either (a) or (b).

- (a) if an Averaging Date or a Settlement Price Date is a Disrupted Day, the Calculation Agent will determine that the relevant Averaging Date or Settlement Price Date, as the case may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (in the case of the Strike Date or Valuation Date) or Valid Date (in the case of an Averaging Date or Observation Date) unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the originally scheduled Averaging Date or Settlement Price Date, as the case may be, is a Disrupted Day in which case the Calculation Agent may determine that the last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date or Settlement Price Date, as the case may be (irrespective, in the case of an Averaging Date or Observation Date, of whether that last consecutive Scheduled Trading Day is already an Averaging Date or Observation Date, as the case may be) and may determine the Settlement Price by using commercially reasonable efforts to determine a Settlement Price as of the Valuation Time on the last such consecutive Scheduled Trading Day taking into consideration all available information that in good faith it deems relevant; or

- (b) if an Averaging Date or any Settlement Price Date is a Disrupted Day but is not the Valuation Date on giving notice to Warrantholders in accordance with General Condition 9, the Issuer shall cancel all but not some only of the Warrants, each Warrant being cancelled by payment of an amount equal to the fair market value of such Warrant, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9.

3. Settlement Price

“Settlement Price” means, unless otherwise stated in the Final Terms and subject as referred to in Foreign Exchange (FX) Rate Linked Warrants Condition 2 (*Consequences of a Disruption Event*) above:

- (i) in the case of Foreign Exchange (FX) Rate Linked Warrants relating to a basket of Subject Currencies and in respect of a Subject Currency, the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Weighting; and
- (ii) in the case of Foreign Exchange (FX) Rate Linked Warrants relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent).

4. Knock-in Event and Knock-out Event

- (a) This Foreign Exchange (FX) Rate Linked Condition 4 is applicable only:
- (i) If “Knock-in Event” is specified as applicable in the Final Terms, in which case any payment under the Warrant which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or
- (ii) If “Knock-out Event” is specified as applicable in the Final Terms, in which case any payment under the Warrant which is expressed in the Conditions to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.
- (b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if a Disruption Event would otherwise have occurred on any Knock-in Determination Day or Knock-out Determination Day, then, unless otherwise specified in the Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.
- (c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours for the Base Currency, Subject Currency and/or Subject Currencies and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time at which a Knock-in Event or Knock-out Event would otherwise have occurred, a Disruption Event occurs or exists, then, unless otherwise specified in the Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

5. Automatic Early Expiration Event

If “Automatic Early Expiration” is specified as applicable in the Final Terms, then unless previously exercised or purchased and cancelled, if (i) on any Automatic Early Expiration Valuation Date or (ii) in respect of an Automatic Early Expiration Valuation Period, as specified in the Final Terms, an Automatic Early Expiration Event occurs, then the Warrants shall be cancelled in whole, but not in part, on the Automatic Early Expiration Settlement Date immediately following such Automatic Early Expiration Valuation Date or Automatic Early Expiration Valuation Period, as applicable, and the Issuer shall settle each Warrant at an amount in the relevant currency as specified in the Final Terms equal to the relevant Automatic Early Expiration Amount.

6. Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may cancel the Warrants by giving notice to the Warrantholders in accordance with General Condition 9 (*Notices*). If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by him which amount shall be the fair market value of a Warrant taking into account the Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with General Condition 9 (*Notices*).

7. Definitions

“**Additional Disruption Event**” means any of Change in Law, Hedging Disruption or Increased Cost of Hedging, in each case if specified in the Final Terms.

“**Automatic Early Expiration Amount**” means an amount calculated as set out in the Final Terms.

“**Automatic Early Expiration Settlement Date**” means each date specified as such in the Final Terms or if such date is not a Business Day, the next following Business Day, and no Warrantholder shall be entitled to any further payment in respect of such delay.

“**Automatic Early Expiration Event**” means the AEE Value is,

- (i) greater than;
- (ii) greater than or equal to;
- (iii) less than; or
- (iv) less than or equal to,

the Automatic Early Expiration Level, (i), (ii), (iii) or (iv) applying as specified in the Final Terms.

“**Automatic Early Expiration Level**” means the level, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in FX Linked Conditions above.

“**Automatic Early Expiration Valuation Date**” means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Expiration Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Expiration Valuation Date.

“**Automatic Early Expiration Valuation Period**” means each period specified as such in the Final Terms;

“**Automatic Early Expiration Valuation Time**” has the meaning given it in the Final Terms.

“**AEE Value**” has the meaning given to it in the Final Terms, being a term defined in Payment Condition 5.2 (*Value Definitions*).

“**Base Currency**” means the currency specified as such in the Final Terms.

“**Change in Law**” means that, on or after the Trade Date (as specified in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that it is unable to perform its obligations in respect of the Warrants or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Warrants.

“Dual Exchange Rate” means that any of the Base Currency, Subject Currency and/or Subject Currencies, splits into dual or multiple currency exchange rates.

“Disrupted Day” means any Scheduled Trading Day on which the Calculation Agent determines that a Disruption Event has occurred.

“General Inconvertibility” means the occurrence of any event that generally makes it impossible to convert a Subject Currency into the Base Currency in a Subject Currency Jurisdiction through customary legal channels.

“General Non-Transferability” means the occurrence of any event that generally makes it impossible to deliver (A) the Base Currency from accounts inside a Subject Currency Jurisdiction to accounts outside a Subject Currency Jurisdiction or (B) the Subject Currency between accounts inside a Subject Currency Jurisdiction or to a party that is a non-resident of a Subject Currency Jurisdiction.

“Governmental Authority” means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

“Hedging Disruption” means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

“Illiquidity Disruption” means the occurrence of any event in respect of any of the Base Currency, Subject Currency and/or Subject Currencies whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge its obligations under the Warrants (in one or more transaction(s)) on the relevant Averaging Date or any Settlement Price Date (or, if different, the day on which rates for such Averaging Date or Settlement Price Date would, in the ordinary course, be published or announced by the relevant Price Source).

“Increased Cost of Hedging” means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

“Knock-in Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-In Determination Period.

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

“Knock-in Event” means the Knock-in Value is (A):

greater than;

greater than or equal to;

less than; or

less than or equal to,

the Knock-in Level or (B) within the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, in each case as specified in the Final Terms.

“Knock-in Level” means the FX Knock-in Level or the price, level, amount, percentage or value specified as such or otherwise determined in the applicable Final Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1 and Foreign Exchange (FX) Rate Linked Condition 2.

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

“Knock-in Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-In Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“Knock-in Range” means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1 (Disruption Events)

“Knock-in Valuation Time” means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

“Knock-in Value” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“Knock-out Determination Day” means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-Out Determination Period.

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

“Knock-out Event” means the Knock-out Value is (A):

greater than,

greater than or equal to,

less than or

less than or equal to,

the Knock-out Level or (B) within the Knock-out Range, (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, in each case as specified in the Final Terms.

“Knock-out Level” means the price, level, amount, percentage or value specified as such or otherwise determined in the Final Terms, subject to adjustment in accordance with Foreign Exchange (FX) Linked Rate Linked Condition 1 and Foreign Exchange (FX) Rate Linked Condition 2.

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

“Knock-out Period Ending Date” means the date specified as such in the Final Terms or, if the Knock-Out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

“Knock-out Range” means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1 (Disruption Events)

“Knock-out Valuation Time” means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

“Knock-out Value” has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.2.

“Material Change in Circumstance” means the occurrence of any event (other than those events specified as Disruption Events) in the Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Warrants which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

“Nationalisation” means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Warrants of all or substantially all of its assets in the Subject Currency Jurisdiction.

“Observation Date” means the dates specified as such in the Final Terms or, if any such day is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is the Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Warrant Condition 2 (*Consequences of a Disruption Event*) shall apply.

“Price Source” means the published source, information vendor or provider containing or reporting the rate or rates from which the Settlement Price is calculated as specified in the Final Terms.

“Price Source Disruption” means that it becomes impossible to obtain the rate or rates from which the Settlement Price is calculated.

“Relevant Screen Page” means the relevant page specified as such in the Final Terms or any successor to such page or service acceptable to the Calculation Agent.

“Scheduled Maximum Days of Disruption” means five Scheduled Trading Days or such other number as may be specified in the Final Terms.

“Scheduled Trading Day” means a day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the principal financial centre of each of the Base Currency and the Subject Currency or Subject Currencies. In the case of euro, for these purposes, the principal financial centre shall be deemed to mean each of Frankfurt and Brussels.

“Settlement Price Date” means any Automatic Early Expiration Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date, Valuation Date or the last Averaging Date, as the case may be.

“Specified Maximum Days of Disruption” means the number of days specified in the Final Terms, or if not so specified, five Scheduled Trading Days.

“Strike Date” means the Strike Date specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Warrants Condition 2 shall apply.

“Strike Day” means each date specified as such in the applicable Final Terms.

“Strike Period” means the period specified as the Strike Period in the Final Terms.

“Subject Currency” means the currency(ies) specified as such in the Final Terms (together, **“Subject Currencies”**).

“Subject Currency Jurisdiction” means each country for which the relevant Subject Currency is the lawful currency.

“Valid Date” means, in respect of an Averaging Date or an Observation Date, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date or Observation Date, respectively, does not occur.

“Valuation Date” means Strike Date, Expiration Date, Actual Exercise Date, Potential Exercise Date(s) and Specified Exercise Date as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Warrant Condition 2 shall apply.

“Valuation Time” means, unless otherwise specified in the Final Terms, the time at which the Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

“Weighting”, means in relation to a Subject Currency, the percentage specified as such in the Final Terms.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Warrants issued under the Programme.

Final Terms dated [●]

BBVA GLOBAL MARKETS, B.V.

(a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law with its seat in Amsterdam, the Netherlands but its tax residency in Spain)
(as “**Issuer**”)

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

(incorporated with limited liability in Spain)
(as “**Guarantor**”)

Issue of [Title of Warrants]
(the “**Warrants**”)

under the €2,000,000,000 Programme for the Issue of Warrants
(the “**Programme**”)

[These Warrants are not intended for, and are not to be offered to, the public in any jurisdiction of the EEA]¹

Any person making or intending to make an offer of the Warrants may only do so.

- (ii) in those Public Offer Jurisdictions mentioned in Paragraph [9.6] of Part B below, provided such person is of a kind specified in that paragraph and that the offer is made during the Offer Period specified in that paragraph; or
- (iii) otherwise,² in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Warrants in any other circumstances.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

¹ Insert where no public offer (in accordance with the Prospectus Directive) is intended.

² Delete where no public offer (in accordance with the Prospectus Directive) is intended

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Warrants (and, together with the applicable Annex(es), the “**Conditions**”) set forth in the Base Prospectus dated [14 February 2014], [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. [An issue specific summary of the Warrants (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms]³. The Base Prospectus has been published on the websites of the Irish Stock Exchange (www.ise.ie) and the Central Bank of Ireland (<http://www.centralbank.ie>).

[Investors should note that if a supplement to or an updated version of the Base Prospectus is published at any time during the Offer Period (as defined below), such supplement or updated Base Prospectus as the case may be, will be published and made available in accordance with the arrangements applied to the original publication of these Final Terms. Any investors who have indicated acceptances of the Offer (as defined below) prior to the date of approval of such supplement or updated version of the Base Prospectus, as the case may be (the “**Approval Date**”), have the right within two working days of the Approval Date to withdraw their acceptances.]⁴

[The Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under any state securities laws, and the Warrants may not be offered, sold, transferred, pledged, delivered, exercised, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person. Furthermore, the Warrants do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the “**CEA**”), and trading in the Warrants has not been approved by the U.S. Commodity Futures Trading Commission (the “**CFTC**”) pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Warrants. For a description of the restrictions on offers and sales of the Warrants, see “*Subscription and Sale*” in the Base Prospectus.

As used herein, “**U.S. person**” includes any “**U.S. person**” or person that is not a “**non-United States person**” as either such term may be defined in Regulation S or in regulations adopted under the CEA.]⁵

[These Final Terms may be considered structured products in Switzerland. They are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). Accordingly, they are not subject to the supervision of the Swiss Financial Market Supervisory Authority, FINMA. The Warrants are not being distributed to non-qualified investors in or from Switzerland and neither these Final Terms nor any offering materials relating to the Warrants may be available to non-qualified investors in or from Switzerland. Distribution of the Warrants of these Final Terms in or from Switzerland is only made by way of private placement to, and is directed

3 Include this wording if the Issue Price per Warrant is less than €100,000 (or its equivalent in another currency).

4 Include in respect of issues of Warrants for which the offer period spans a supplement to the Base Prospectus or an update to the Base Prospectus.

5 Include for Restricted Warrants or Warrants that have been determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States or to a U.S. person.

exclusively at, qualified investors (as defined in the CISA and its implementing ordinance). Each copy of these Final Terms is addressed to a specifically named recipient and shall not be passed on to a third party.]⁶

Include whichever of the following apply or specify as “Not applicable”. Note that the numbering should remain as set out below, even if “Not applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms. Where the context so permits, Terms in these Final Terms may be attributed a numerical or letter suffix value when included hereon. Without limitation, the suffix can be denoted as “j”, “k”, “m”, “q”, “n”, “t” or “i” and the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t or i, as chosen at the time of an issue of Warrants. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and explained and may be presented as a table, if necessary, in the Final Terms.

⁶ Delete where no offer into Switzerland is intended

- (i) Issuer: BBVA Global Markets B.V.
 - (ii) Guarantor: Banco Bilbao Vizcaya Argentaria, S.A.
 - (iii) Principal Warrant Agent: [Deutsche Bank AG, London Branch][*other*][Not applicable]
 - (iv) [Swedish][Finnish] Warrant Agent [Skandinaviska Enskilda banken AB][Not applicable]
 - (v) Registrar: [Deutsche Bank Luxembourg, S.A.][*other*][Not applicable]
 - (vi) Transfer Agent: [Deutsche Bank Luxembourg, S.A.][*other*][Not applicable]
 - (vii) Calculation Agent: [Banco Bilbao Vizcaya Argentaria, S.A.][Dealer][*other*][Address]
 - (viii) Other Agent [*specify*] [Not applicable]
2.
 - (i) Series Number: [*specify*]
 - (ii) Tranche Number: [*specify*]

(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible)
 - (iii) Aggregate Number of Warrants of the Series [*specify*]
 - (iv) Aggregate Number of Warrants of the Tranche [*specify*]
 - (v) Date on which the Warrants will be consolidated and form a single Series: The Warrants will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date][exchange of the Temporary Global Warrant for interests in the Permanent Global Warrant, as referred to in paragraph 33 below, which is expected to occur on or about [*date*]][Not applicable]
 - (vi) Applicable Annex(es) [Annex 1: Payout Conditions]
[Annex 2: Index Linked Conditions]
[Annex 3: Equity Linked Conditions]
[Annex 4: Fund Linked Conditions]
[Annex 5: Inflation Linked Conditions]
[Annex 6: FX Linked Conditions]
(More than one Annex may apply)
3. Settlement Currency: [The settlement currency for the payment of [the Cash Settlement Amount] (*in the case of Cash Settled Securities*))][the Disruption Cash Settlement Price] (*in the case of Physical Delivery Securities*) is [*specify*]]
4. Issue Date [*specify*]
5. Issue Price [[*specify*] per Warrant]

[The Issuer has offered the Warrants to the Dealers at the initial issue price of [*specify*] less a total commission of

[specify]./ (or where the price is not determined at the date of the Final Terms)]The issue price of the Warrants will be determined by the Issuer and the [Dealers] on or about [time] [date] in accordance with market conditions then prevailing, including [supply and demand for the Warrants and other similar securities] [and] [the then current market price of [insert relevant benchmark security, if any]]

6. Minimum Transfer Number

[[specify] Warrants][Not applicable]

7. Calculation Amount

[[specify] [per Warrant]][Not applicable]

8. [Cash][Physical Delivery] Settlement Date:

[specify][the date falling [specify][Business Days][days] after [the Exercise Date][specify]] or if that is not a Business Day the immediately [succeeding][preceding]Business Day [unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day][the later of the Cash Settlement Date and the Physical Delivery Settlement Date, as the case may be]

(Repeat as necessary where Cash Settlement and Physical Settlement both apply)

(N.B. In case of the Finnish Warrants, should the Cash Settlement Date not be a Business Day, such Cash Settlement Date will be delayed until the next following Business Day. The Cash Settlement Date in respect of the Finnish Warrants can fall at the earliest on the third Business Day after the Exercise Date.)

9. Type of Warrants:

(a) The Warrants are [Index Linked Warrants][Equity Linked Warrants][Fund Linked Warrants][Inflation Linked Warrants][FX Linked Warrants][Combination Warrants]

(b) The Warrants are [American][European][Bermudan] Style Warrants. (N.B. Swedish Warrants and Finnish Warrants may only be European Style Warrants)

10. Reference Item(s):

The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][specify]])] will apply

[For [k]=1][specify][insert description][(see paragraph [specify])]

(Repeat if necessary)

11. Business Day Centre(s):

The applicable Business Day Centre(s) for the purpose of the definition of Business Day in General Condition 3(e) [is][are]

12. Knock-in Event:

[Not applicable][Applicable: Knock-in Value is [(i)][greater than][greater than or equal to][less than][less than or equal to] [the Knock-in [Level][Price]] [within the Knock-in Range]

(Only applicable if a payment to be made in respect of the Warrants is subject to a condition precedent that a Knock-in Event has occurred. If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Knock-in Value:

[insert definition from Payout Condition 5.2]

(ii)	Knock-in Level/Knock-in Price	[specify value, percentage, level or price][Not applicable]
(iii)	Knock-in Range:	From and [including][excluding] [specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level, or prices etc] [Not applicable]
(iv)	Knock-in Determination Day(s):	[specify][Each Scheduled Trading Day in the Knock-in Determination Period][Not applicable] [In the event that a Knock-in Determination Day is a Disrupted Day, Omission][Postponement][Modified Postponement] will apply.
(v)	Knock-in Determination Period:	[Applicable][Not applicable]
(vi)	Knock-in Period Beginning Date:	[Applicable][specify][Not applicable]
(vii)	Knock-in Period Beginning Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(viii)	Knock-in Period Ending Date:	[specify][Not applicable]
(ix)	Knock-in Period Ending Date:	[specify][Not applicable]
(x)	Knock-in Period Ending Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(xi)	Knock-in Valuation Time:	[specify][Scheduled Closing Time][Any time on a Knock-in Determination Day][Not applicable]
13.	Knock-out Event:	[Not applicable][Applicable: The Knock-out Value is [(i)][greater than][greater than or equal to][less than][less than or equal to] the Knock-out [Level][Price]] [within the Knock-out Range] <i>(Only applicable if a payment to be made in respect of the Warrants is subject to a condition precedent that a Knock-out Event has occurred. If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Knock-out Value:	[insert definition from Payout Condition 5.2]
(ii)	Knock-out Level/Knock-out Price:	[specify value, percentage, level or price][Not applicable]
(iii)	Knock-out Range :	From and [including][excluding] [specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level, or prices etc] [Not applicable]
(iv)	Knock-out Determination Day(s):	[[From and including][From and excluding][To and including][To but excluding][specify]] [specify][Each Scheduled Trading Day in the Knock-out Determination Period][Not applicable] [In the event that a Knock-out Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.
(v)	Knock-out Determination Period:	[specify][Not applicable]
(vi)	Knock-out Period Beginning Date:	[specify][Not applicable]
(vii)	Knock-out Period Ending Date:	[specify][Not applicable]
(viii)	Knock-out Period Beginning Date Scheduled Trading Day Convention:	[Applicable][Not applicable]

- (ix) Knock-out Period Ending Date Scheduled Trading Day Convention: [Applicable][Not applicable]
- (x) Knock-out Valuation Time: [*specify*][Scheduled Closing Time][Any time on a Knock out Determination Day][Not applicable]

PROVISIONS RELATING TO EXERCISE

14. Automatic Exercise: [Applicable][Not applicable]
- (N.B. Automatic Exercise may only apply to Cash Settled Warrants and does not apply for warrants in definitive form)*
- (N.B. Automatic Exercise will only take place if there would be a positive cash settlement amount payable to the holder on exercise)*
- (Automatic Exercise will always apply to Swedish Warrants and Finnish Warrants)*
15. Potential Exercise Dates: [The potential exercise dates of the Warrants [is][are] set out below.][Not applicable]
- (N.B. Only applicable in relation to Bermudan Style Warrants).*
16. Specified Exercise Date: [*specify*][Not applicable]
- (N.B. Only applicable in relation to European Style Warrants)*
17. Exercise Period: [The exercise period in respect of the Warrants [is set out below, [inclusive of the dates specified]]][the period from and [including][excluding] [*specify*], up to and [including][excluding] [*specify*]] [Not applicable]
- (N.B. Only applicable in relation to certain American Style Warrants and Bermudan Style Warrants)*
18. Minimum Exercise Number: [The minimum number of Warrants that may be exercised (including automatic exercise) on any day by any Warrantholder is [*specify*]] [and Warrants may only be exercised (including automatic exercise) in integral multiples of [*specify*] Warrants in excess thereof][Not applicable]
19. Maximum Exercise Number: [The maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) is []][Not applicable]. *(N.B. not applicable for European Style Warrants and therefore not applicable for Swedish Warrants and Finnish Warrants)*
20. Exercise Price: [The Exercise Price(s) per Warrant (which may be subject to adjustment in accordance with the relevant Annex is) [*specify*]][Not applicable]
- (N.B. This should take into account any relevant Weighting and, in the case of an Index Linked Warrants, must be expressed as a monetary value)*

PROVISIONS RELATING TO SETTLEMENT

21. Settlement: [The Warrants are Cash Settled Warrants and provisions of General Condition 3(d) apply] [The Warrants are Physical Delivery Warrants and the provisions of General Condition 3(e) apply]
- (N.B. Swedish Warrants and Finnish Warrants may only be Cash Settled Warrants)*
22. Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the [Settlement Price][Relevant Level][NAV per Fund Share] (as defined in the relevant Annex to the Terms and Conditions) or the Cash Settlement Amount (as defined in General Condition 3(d) (*Exercise of Warrants – Cash Settlement*)) is [insert rate of exchange and details of how and when such rate is to be ascertained]/[specify]/[Not applicable]
23. [Cash] Settlement Amount: [Final Payout][Calculation Amount * Final Payout] [specify percentage] [per Warrant][per Calculation Amount]
- (If Final Payout selected is from “i” to “xiii”, the Settlement Amount should be “Final Payout”. If Final Payout selected is from “xiv” to “xxx”, the Settlement Amount should be “Calculation Amount * Final Payout”)*
24. Final Payout: *(In respect of the following, extract, insert and complete required formula and definitions from the relevant Payout Condition as necessary)*
- [Final Payout (i) - Call]
- [Final Payout (ii) – Call Best Of]
- [Final Payout (iii) – Call Worst Of]
- [Final Payout (iv) – Call Spread]
- [Final Payout (v) – Call Knock-in]
- [Final Payout (vi) – Call Spread with KO feature]
- [Final Payout (vii) – Put]
- [Final Payout (viii) – Put Best of]
- [Final Payout (ix) – Put Worst of]
- [Final Payout (x) – Put Spread]
- [Final Payout (xi) – Put Knock-in]
- [Final Payout (xii) – Corridor]
- [Final Payout (xiii) – Bonus Cap]
- [Final Payout (xiv)]
- [Final Payout (xv)]
- [Final Payout (xvi)]
- [Final Payout (xvii)]
- [Final Payout (xviii)]
- [Final Payout (xix)]
- [Final Payout (xx)]

		[Final Payout (xxi - Booster)]
		[Final Payout (xxii) – Digital Barrier]
		[Final Payout (xxiii) – Digital Barrier with Knock-in]
		[Final Payout (xxiv) – Strike Podium n Barriers]
		[Final Payout (xxv) – Versus Standard]
		[Final Payout (xxvi) – Versus]
		[Final Payout (xxvii) – Autocall Standard]
		[Final Payout (xxviii) – Twin Win]
		[Final Payout (xxvix) – Himalaya]
		[Final Payout (xxviii) – Podium]
25.	Automatic Early Expiration:	[Applicable][Not applicable]
	(i) Automatic Early Expiration Event:	[[AEE Value is: [greater than][greater than or equal to][less than][less than or equal to] the Automatic Early Expiration [Level][Price]]][Knock-in Event][Knock-out Event]
	(ii) AEE Value:	<i>[insert relevant value definition and where applicable relevant definitions from Payout Condition 5.1 and 5.2]</i>
	(iii) Automatic Early Expiration Amount	[Automatic Early Expiration Payout] [[Calculation Amount * Automatic Early Expiration Payout] [<i>specify percentage</i>]][per Warrant][per Calculation Amount]
	(iv) Automatic Early Expiration Payout:	The Automatic Early Expiration Amount shall be determined in accordance with the following formula: <i>(If applicable specify one of the following)</i> [Automatic Early Expiration Payout (i)] [Automatic Early Expiration Payout (ii)] [Automatic Early Expiration Payout (iii)] [Automatic Early Expiration Payout (iv)] <i>(In respect of the foregoing, extract, insert and complete required formula and definitions from the relevant Payout Condition as necessary)</i> [[<i>specify</i>] [per cent.]]][Not applicable]
	(v) Automatic Early Expiration Level/Price:	[[<i>specify</i>] [per cent.]]][Not applicable]
	(vi) AEE Percentage:	[[<i>specify</i>] [per cent.]]][Not applicable]
	(vii) Automatic Early Expiration Settlement Date:	[specify]
	(viii) AEE Additional Rate:	[AEE Rate][<i>Insert relevant provisions from Payout Condition 5.1</i>] [AEE Rate DCF] [Insert relevant provisions from Conditions] [AEE Rate MT][Insert relevant provisions from Conditions] [Not applicable]
	(ix) Automatic Early Expiration Valuation Date(s)/Period(s):	[specify] [Each Potential Exercise Date from (and including) the first Potential Exercise Date to (but excluding) the Potential Exercise Date falling on <i>specify</i>]
	(x) Automatic Early Expiration Valuation Time:	[specify][Scheduled Closing][Any time [on the relevant Valuation Date][during the Observation Period].

- (xi) Averaging: Averaging [applies][does not apply] to the Warrants. [The Averaging Dates are [specify].] [See paragraph [specify] above]
- [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]
- [Specified Maximum Days of Disruption will be equal to: [specify][five]
- (If no Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)
26. Provisions applicable to Physical Delivery [Applicable][Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Entitlement Amount: [The Entitlement Amount [per Warrant][per Calculation Amount] as specified below.]
- (Insert formula, relevant value(s) and other related definitions from Payout Conditions)*
- [Entitlement Amount (i)]
- [Entitlement Amount (ii)]
- (ii) Relevant Asset(s): The relevant asset to which the Warrants relate [is][are] [].
- (iii) Cut-Off Date: [specify]
- (iv) Settlement Business Day(s): [specify]
- (v) Delivery Agent: [Banco Bilbao Vizcaya Argentaria, S.A.][Dealer][specify] of [specify address]
- (vi) Failure to Deliver due to Illiquidity: [Applicable][Not applicable]
- (vii) Exercise Price Payment Date(s): [[specify] [and [specify]]][Not applicable]

PRODUCT SPECIFIC PROVISIONS

27. Index Linked Warrants: [Applicable][Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Basket of Indices: [specify][Reference Item[s] [(k)]]
- [Composite][Non Composite]
- [Weighting: [Not applicable][specify] [Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]
- (ii) Index Currency: [specify]
- (iii) Exchange and Index Sponsor:
- (a) the relevant Exchange[s] [is][are] [specify]; and
- (b) the relevant Index Sponsor is [specify]
- (iv) Related Exchange: [specify][All Exchanges]
- (v) Screen Page: [specify]

- (vi) Strike Date: [specify]
- (vii) Strike Period [and Strike Days]: [specify]
- (viii) Averaging: Averaging [applies][does not apply] to the Warrants. [The Averaging Dates are [specify]] [See paragraph [specify] above]
- [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]
- [Specified Maximum Days of Disruption will be equal to: [specify][five]]
- (If no Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
- (ix) Valuation Date: [specify]
- (x) Valuation Time: [Scheduled Closing Time] [Any time [on the relevant Settlement Price Date /during the Observation Period.] [[specify], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. If no time specified, the Valuation Time will be the Scheduled Closing Time)*
- (xi) Observation Date(s): [The Observation Date(s) [is][are] [specify]][Not applicable]
- [In the event that an Observation Date is a Disrupted Day][Omission][Postponement][Modified Postponement] will apply.]
- (xii) Observation Period: [specify][Not applicable]
- (xiii) Exchange Business Day: [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]
- (must match election made for Exchange Business Day)*
- (xiv) Scheduled Trading Day: [(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]
- (must match election made for Exchange Business Day)*
- (xv) Index Correction Period: [As set out in the Index Linked Conditions][specify]
- (xvi) Disrupted Day: [As set out in the Index Linked Conditions][specify]
- (xvii) Index Adjustment Event: [As set out in Index Linked Conditions][specify]
- (xviii) Additional Disruption Event: [The following Additional Disruption Events apply to the Warrants:
- (Specify each of the following which applies)*
- [Change in Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- [Increased Cost of Stock Borrow]

	[Loss of Stock Borrow]
	[[The Trade Date is [specify] (only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]]
	[[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant Share] is [specify](only applicable if Loss of Stock Borrow is applicable)]]
	[[The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [specify] (N.B. only applicable if Increased Cost is Stock Borrow is applicable)]] [Not applicable]]
(xix) Market Disruption:	Specified Maximum Days of Disruption will be equal to [specify][five] <i>(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)</i>
28. Equity Linked Warrants:	[Applicable][Not applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Share(s)/Share Company/Basket of Shares:	[specify] [Reference Item[s]][(k)] [Weighting: [Not applicable]][specify] [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]]
(ii) Share Currency:	[specify]
(iii) ISIN of Share(s):	[specify]
(iv) Screen Page/Exchange Code:	[specify]
(v) Exchange:	[specify]
(vi) Related Exchange:	[specify]
(vii) Depositary Receipt provisions:	[Applicable][Not applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(a) Details of Depositary Receipt:	[specify name and ISIN code]
(b) Underlying Shares:	[specify]
(c) Underlying Share Issuer:	[specify]
(d) Share Exchange:	[specify]
(viii) Strike Date:	[specify]
(ix) Strike Period [and Strike Days]:	[Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]
(x) Averaging:	Averaging [applies] [does not apply] to the Warrants [The Averaging Dates are [specify]] [See paragraph [specify] above] [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply [Specified Maximum Days of Disruption will be equal to:

- [specify][five]]
- (If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)*
- (xi) Valuation Date: [specify]
- (xii) Valuation Time: [Scheduled Closing Time][Any time [on the relevant Settlement Price Date][during the Observation Period.]
- [The Valuation Time is [specify], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.]
(N.B. if no time is specified, the Valuation Time will be the Scheduled Closing Time).
- (xiii) Observation Date(s): [specify][Not applicable]
- In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply
- (xiv) Observation Period: [specify][Not applicable]
- (xv) Exchange Business Day: [(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
- (xvi) Scheduled Trading Day: [(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
- (xvii) Share Correction Period: [As set out in Equity Linked Condition 8][specify]
- (xviii) Disrupted Days: [As set out in Equity Linked Condition 8][specify]
- (xix) Market Disruption: Specified Maximum Days of Disruption will be equal to [specify][five]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xx) Extraordinary Events: In addition to De-Listing, Insolvency, Merger Event and Nationalization, the following Extraordinary Events apply to the Warrants:
- Tender Offer: [Applicable][Not applicable]
- Listing Change: [Applicable][Not applicable]
- Listing Suspension: [Applicable][Not applicable]
- Illiquidity: [Applicable][Not applicable]
- (xxi) Additional Disruption Events: [The following Additional Disruption Events apply to the Warrants:
- (Specify each of the following which applies)*
- [Change in Law]
- [Hedging Disruption]
- [Insolvency Filing]
- [Failure to Deliver due to Illiquidity]
- (N.B. Only applicable in the case of Physical Delivery Warrants - Failure to Deliver due to Illiquidity is applicable to certain Share Linked Warrants.)*
- [Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Loss of Stock Borrow]

[Stop-Loss Event]

[Stop-Loss Event Percentage: *[specify]* per cent.]

[The Trade Date is *[specify]*. (Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]

[The Maximum Stock Loan Rate in respect of *[specify]* in relation to each relevant Share] is *[specify]*. (Only applicable if Loss of Stock Borrow is applicable)]

[The Initial Stock Loan rate in respect of *[specify]* in relation to each relevant Share] is *[specify]*. (Only applicable if Increased Cost of Stock Borrow is applicable)

[Not applicable]]

29. Fund linked Warrants:

[Applicable][Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Fund/Fund Basket

[specify] [Reference Item[s]] [(k)]

[The *[specify]* Fund is an Exchange Traded Fund]

[Weighting: *[specify]*][Not applicable] [Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]]

(ii) Fund Share(s)

[specify]

(iii) Exchange

[specify] [Not applicable]

(only applicable to ETFs)

(iv) Related Exchange:

[specify] [All Exchanges] [Not applicable]

(only applicable to ETFs)

(v) Exchange Business Day:

[Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]]
[Not applicable]

(only applicable to ETFs)

(vi) Scheduled Trading Day:

[Applicable: [(All Fund Shares Basis)] [(Per Fund Share Basis)] [(Single Fund Share Basis)] [(Cross Asset Basis)]]
[Not applicable]

(only applicable to ETFs)

(vii) Strike Date:

[specify] [Not applicable]

(only applicable to ETFs)

(viii) Strike Period [and Strike Days]:

[Specify Strike Period] [Not applicable] *[Specify the applicable Strike Days in the Strike Period]*

(ix) Averaging:

Averaging [applies][does not apply] to the Warrants [The Averaging Dates are *[Specify]*][See paragraph *[specify]* above]

[In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply]

[[Specified Maximum Days of Disruption will be equal to: *[specify]*][five]]

(If not Specific Maximum Days of Disruption are stated,

	<i>Specific Maximum Days of Disruption will be equal to five)</i>
(x) Observation Date	[specify][Not applicable] In the event that an Observation Date is a Disrupted Date [Omission][Postponement][Modified Postponement] will apply
(xi) Observation Period	[specify][Not applicable]
(xii) Valuation Date:	[specify]
(xiii) Valuation Time :	[Scheduled Closing Time][specify]
(xiv) Fund Service Provider:	[specify][As set out in Fund Linked Condition [TBD]
(xv) Fund Documents:	[specify]
(xvi) Fund Business Day:	[specify][All Fund Share Basis][Per Fund Share Basis][(Single Fund Share Basis)]
(xvii) Initial Calculation Date:	[specify][As set out in Fund Linked Condition][Not applicable]
(xviii) Final Calculation Date:	[specify][Not applicable][As set out in Fund Linked Condition]
(xix) Calculation Date(s):	[specify][Not applicable][As set out in Fund Linked Condition]
(xx) NAV Barrier:	[specify][Not applicable]
(xxi) NAV Trigger Percentage:	[specify][As per the Fund Linked Condition 7][specify][Not applicable]
(xxii) NAV Trigger Period:	[As per the Fund Linked Conditions][specify]
(xxiii) Basket Trigger Level:	[specify][Not applicable] [As set out in Fund Linked Condition]
(xxiv) Number of NAV Publication Days:	[specify] [As set out in Fund Linked Condition][Not applicable]
(xxv) Termination Date:	[specify]
(xxvi) Cash Facility and Spread:	[Overnight USD LIBOR Facility – [Spread of + • bps /- • bps]]/[Overnight EURIBOR Facility – [Spread of + • bps /- • bps]]/[3 month USD LIBOR Facility – Spread of + • bps /- • bps]]/[3 month EURIBOR Facility – [Spread of + • bps /- • bps]]/[specify]
(xxvii) Spread:	[specify]
(xxviii)Portfolio:	[specify][Not applicable]
(xxix) Market Disruption:	Specified Maximum Days of Disruption will be equal to [specify][three] <i>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to three)</i>
(xxx) Extraordinary Events:	[As set out in Fund Linked Conditions][specify][Not applicable]
(xxxi) Additional Extraordinary Fund Event:	[Not applicable][The following Additional Disruption Events apply to the Warrants: <i>(Specify each of the following which applies)</i>

	[Change in Law]
	[Hedging Disruption]
	[Increased Cost of Hedging]
	[The Trade Date is <i>[specify]</i> (Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]
	<i>(Specify whether each Additional Extraordinary Fund Event is a Substitution Event or a Termination Event)</i>
(xxxii) Delayed Payment Cut-off Date:	[As set out in Fund Linked Condition <i>[specify]</i>][Not applicable]
30. Inflation Linked Warrants:	[Applicable][Not applicable]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Index/Indices:	<i>[specify]</i> [Reference Item[s]][(k)]
(ii) Screen page/Exchange/CODE:	<i>[specify]</i>
(iii) Index Sponsor:	<i>[specify]</i>
(iv) Cut-Off Date:	[As per the Inflation Linked Conditions][<i>specify</i>]
(v) Related Bond:	<i>[specify]</i> [Fall Back Bond][Not applicable]
(vi) Fall Back Bond:	[Applicable][Not applicable]
(vii) Related Bond Redemption Event:	[As set out in Inflation Linked Condition <i>[specify]</i>][<i>specify</i>]
(viii) Strike Date:	<i>[specify]</i> [Not applicable]
(ix) Strike Period [and Strike Days]:	<i>[Specify Strike Period]</i> [Not applicable][<i>Specify the applicable Strike Days in the Strike Period</i>]
(x) Valuation Date(s):	<i>[specify]</i>
(xi) Additional Redemption Event:	[The following Additional Disruption Events apply to the Warrants:
	<i>(Specify each of the following which applies)</i>
	[Change in Law]
	[Hedging Disruption]
	[Increased Cost of Hedging]
	[The Trade Date is <i>[specify]</i> (Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]
31. Foreign Exchange (FX) Rate Linked Warrants:	[Applicable][Not applicable]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Base Currency:	<i>[specify]</i> [Not applicable][For Reference Item[(k)]: <i>[insert]</i>]
(ii) Subject Currency/Currencies:	<i>[specify]</i> [Not applicable][For Reference Item[(k)]: <i>[insert]</i>]
(iii) Additional Disruption Event:	<i>(Specify each of the following which applies)</i> [Change in Law][Hedging Disruption][Increased Cost of Hedging]
(iv) Averaging:	Averaging [applies][does not apply] to the Warrants [The Averaging Dates are <i>[specify]</i>] [See paragraph <i>[specify]</i> above]
	[Specified Maximum Days of Disruption will be equal to: <i>[specify]</i>][five]
	[In the event that an Averaging Date is a Disrupted Day

Omission][Postponement][Modified Postponement] will apply]

(If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five)

- (v) Observation Date(s): [specify][Not applicable]
- (vi) Observation Period(s): [specify][Not applicable]
- (vii) Price Source: [specify]
- (viii) Relevant Screen Page: [specify]
- (ix) Strike Date: [specify][Not applicable]
- (x) Strike Period [and Strike Days]: [Specify Strike Period][Not applicable][Specify the applicable Strike Days in the Strike Period]
- (xi) Valuation Date(s): [specify][Not applicable]
- (xii) Valuation Time: [specify][Not applicable]
- (xiii) Weighting: [specify][Not applicable]

32. Combination Warrants:

[Applicable][Not applicable]

(Applicable in relation to Warrants linked to a combination of types of Reference Items)

(If applicable, complete relevant prompts from Paragraphs [TBD] to [TBD] above)

GENERAL PROVISIONS APPLICABLE TO THE WARRANTS

33. Forms of Warrants:

[Bearer Warrants][specify]:

[Temporary Global Warrant exchangeable for a Permanent Global Warrant which is exchangeable for Definitive Warrants on [specify] days' notice/at any time/in the limited circumstances specified in the Permanent Global Warrant.]

[Temporary Global Warrant exchangeable for Definitive Warrants on [specify] days' notice.]

[Permanent Global Warrant exchangeable for Definitive Warrants on [specify] days' notice/at any time/in the limited circumstances specified in the Permanent Global Warrant.]

[Registered Warrants:

Global Warrant Certificate exchangeable for Individual Warrant Certificates on [specify] days' notice/at any time/in the limited circumstances described in the Global Warrant Certificate.]

[[Swedish Warrants] [not exchangeable for Bearer Warrants or Registered Warrants.]

Registrar: Euroclear Sweden

Swedish Warrant Agent: Skandinaviska Enskilda banken AB (publ)]

[Finnish Warrants - not exchangeable for Bearer Warrants or Registered Warrants.]

34. U.S. TEFRA Restrictions:

[TEFRA D][TEFRA C][TEFRA not applicable]

(N.B. TEFRA not applicable for Swedish Warrants and Finnish Warrants)

35. Spanish Tax Treatment

[The Warrant is considered to be an “option” for Spanish tax purposes and Condition 6(b) applies][[The Warrant is considered to be a “financial asset” for Spanish tax purposes and Condition 6(c) applies]

RESPONSIBILITY

[The Issuer and the Guarantor accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*]] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: _____

By: _____

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1 Listing and Admission to trading

Listing and admission to trading: [Irish Stock Exchange's Official List][*specify other*]

[Application has been made for the Warrants to be admitted to trading on the [Irish Stock Exchange's Main Securities Market][*specify other*] with effect from [specify]]

(Where documenting a fungible issue need to indicate that original Warrants are already admitted to trading)

2 Ratings

Ratings: The Warrants have not been rated

3 [Interests of Natural and Legal Persons Involved in the [Issue]][Offer]

[Save for any fees payable to the Dealer[s]], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer.] [A fee has been paid by the Dealer to a third party distributor. For specific and detailed information on the nature and quantity of such fee, the investor should contact the distributor of the Warrants][The Warrants have been sold by the Dealer to a third party distributor at a discount to the specified issue price. For specific and detailed information on the nature and quantity of such discount, the investor should contact the distributor of the Warrants]

(When completing, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the prospectus Directive)

4 [Reasons for the Offer, Estimated Net Proceeds and Total Expenses]

[(i) Reasons for the offer [See “*Use of Proceeds*” section in the Base Prospectus]
[The net proceeds will be used for loans and/or investments adopted to, or made in, other companies and entities belonging to the Group (for this purpose, as defined in section 3:2 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*))]

[(ii) Estimated net proceeds: [specify]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses: [specify]
(Include breakdown of expenses into each principal intended “use”, presented in order of priority of such “uses”)

5 [Performance of Index/Share//Fund/ Formula, Explanation of Effect on Value of Investment and Associated Risks and Other Information concerning the Underlying

(Include details of where past and future performance and volatility of the shares, index/formula/commodity/rates/fund/foreign exchange rate/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where the underlying is an index need to include details of where the information about the index can be obtained)]

(Where the underlying is a security need to include the name of the issuer of the security and the ISIN or equivalent identification number. Where the underlying is a basket of underlying, need to include the relevant weightings of each underlying in the basket. N.B. refer to the relevant sections in paragraph 28 or 29 in the Final Terms where this information is disclosed)

[For a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable) please see Annex *[specify]* in the Issuer's Base Prospectus].

The Issuer *[intends to provide post-issuance information [specify what information will be reported and where it can be obtained]]* *[does not intend to provide post-issuance information]*

6 Operational Information

(i) ISIN Code: [specify]

(ii) Common Code: [specify]

(iii) CUSIP: [SPECIFY]

(iv) Other Code(s): [SPECIFY][NOT APPLICABLE]

(v) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme approved by the Issuer and the Principal Warrant Agent and the relevant identification number(s): [Not applicable][give name(s) and number(s)]
[Euroclear Sweden] (include for Swedish Warrants)
[Euroclear Finland] (include for Finnish Warrants)

Delivery: Delivery [against][free of] payment

Additional Warrant Agent(s) (if any): [Not applicable][give name]

[Swedish Warrant Agent – see paragraph 1 above]
(include for Swedish Warrants)

[Finnish Warrant Agent – see paragraph 1 above] (include for Finnish Warrants)

7 Distribution

7.1 Method of distribution: [Syndicated][Non-syndicated]

7.2 If syndicated, names [and addresses] of Managers [and underwriting commitments:] [Not applicable][give names [and addresses] of each entity acting as underwriter [and its respective underwriting commitments]]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

- 7.3 Date of Subscription Agreement: [Not applicable][*specify*]
- 7.4 If non-syndicated, name [and address] of relevant Dealer: [Not applicable][*give name [and address]*]
- 7.5 U.S. Selling Restrictions:
- [The Warrants are only for offer and sale outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act and may not be offered, sold, transferred, pledged, delivered, exercised, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person.
- Each initial purchaser of the Warrants and each subsequent purchaser or transferee of the Warrants shall be deemed to have agreed with the issuer or the seller of such Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, such Securities so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person and (ii) it is not purchasing any Securities for the account or benefit of any U.S. person.]
- 7.6 Non-exempt Offer:
- [Not applicable][An offer of the Warrants may be made by any Dealer [and [*specify names of other financial intermediaries/placers receiving specific consent*] (the “Initial Authorised Offeror[s]”) [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Non-exempt Offer and who are identified on the Issuer's website at [●] as an Authorised Offeror] (together, being persons to whom the Issuer has given consent, the “Authorised Offeror[s]”) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) where the Issuer intends to make the Non-exempt Offer which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (the “Public Offer Jurisdictions”) during the period from [*Insert, for example, one business day after satisfaction of all regulatory requirements of such Member State(s)*] until [*specify date or a formula such as “the Issue Date” or “the date which falls [●] Business Days thereafter”*] (the “Offer Period”). Copies of these Final Terms will be provided to the competent authorities in the Public Offer Jurisdictions. See further Paragraph 8 of this Part B
- (*Consider walk-away rights if extending Offer Period beyond the Issue Date*)
- (i) General Consent: [Applicable][Not applicable]
- (ii) Other conditions to consent: [Not applicable][*specify here any other conditions to which the consent given is subject*]
- (*N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Base Prospectus*

(and any supplement) has been notified / passported.)

8 TERMS AND CONDITIONS OF THE OFFER⁷

[Applicable][Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* [The Warrants will be offered to the public in each Public Offer Jurisdictions in accordance with the arrangements listed below.]

- | | |
|---|--|
| 8.1 Offer Price: | [Not applicable][See 10.11 below][give details] |
| 8.2 [Conditions to which the offer is subject:] | <p>[Not applicable][give details]</p> <p>[Offers of the Warrants are conditional on their issue and are subject to such conditions as are set out in the [Distribution Agreement], As between Dealers and their customers (including Authorised Offerors) or between Authorised Offerors and their customers offers of the Warrants are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them]</p> |
| 8.3 Offer Period: | [See paragraph 8.1 más atrás] |
| 8.4 [Description of the application process]: | [Not applicable][give details] |
| 8.5 [Details of the minimum and/or maximum amount of application]: | [Not applicable][give details] |
| 8.6 [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants]: | [Not applicable][give details] |
| 8.7 [Details of the method and time limits for paying up and delivering the Warrants:] | <p>[Not applicable][give details]</p> <p><i>(NB: Under normal circumstances, on or about the Issue Date, allocated Warrants will be made available to the Dealer(s)/Authorised Offerors in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg.)</i></p> |
| 8.8 [Manner in and date on which results of the offer are to be made public:] | <p>[Not applicable][give details]</p> <p><i>(If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published).)</i></p> |
| 8.9 [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercise:] | [Not applicable][give details] |
| 8.10 [Whether tranche(s) have been reserved for certain | [Not applicable][give details] |

⁷ Delete in respect of Warrants with an Issue Price per Warrant of at least €100,000 (or equivalent in another currency)

countries:]

- 8.11 Indication of the expected price at which the Warrants will be offered or the method of determining the price and the process for its disclosure: [Not applicable] [The Issuer had offered and will sell the Warrants to the Dealer(s) (and no one else) at the Issue Price of [specify] [less a total commission of [specify]]. The Dealer(s) and Authorised Offerors will offer and sell the Warrants to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the Authorised Offers) or each such Authorised Offeror and its customers by reference to the Issue Price and the market conditions prevailing at the time]
- 8.12 [Process for notification to applications of the amount allotted and the indication whether dealing may begin before notification is made:] [Not applicable][give details]
[Prospective Warrantholders will be notified by the relevant Dealer(s) and Authorised Offeror in accordance with the arrangements in place between such Dealer(s) or Authorised Offeror and its customers. Any dealing in the Warrants, which take place will be at the risk of the prospective Warrantholders]
Applicants will be notified directly by the distributors of the success of their application.
Dealings in the Warrants may commence on the Issue Date]
- 8.13 [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not applicable][give details]
- 8.14 [Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [The Authorised Offerors are identified in 9.5 above.]

9 [INDEX/OTHER DISCLAIMER]

The issue of this series of Warrants (in this paragraph, the “Transaction”) is not sponsored, endorsed, sold, or promoted by [Name of Index/Other] (the “**Index**”) or [Name of Index/Other Sponsor] (the “**Index Sponsor**”) and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Transaction. The Issuer shall not have any liability for any act of failure to act by the Index Sponsor in connection with the calculation adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, none of the Issuer or its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.]

(Insert unless the relevant Index has a bespoke disclaimer, in which case, substitute such bespoke disclaimer)

(Delete this section 11 if not required)

[[The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Programme Agreement]. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with, including the Financial Intermediaries. The Issuer shall not be liable for any offers, sales or purchase of Warrants by the Dealer(s) or Financial Intermediaries in accordance with the arrangements in place between any such Dealer or any such Financial Intermediary and its customers.]]

[[Each [of] the Dealer(s) has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer(s) to acknowledge and agree, that for the purpose of offer(s) of the Warrants, the Issuer has passported the Base Prospectus in each of the Public Offer Jurisdictions and will not passport the Base Prospectus into any other European Economic Area Member State; accordingly, the Warrants may only be publicly offered in Public Offer Jurisdictions or as permitted by article 3.2 of the PD Amending Directive in any other European Economic Area Member States and that all offers of Warrants by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.]].

Financial intermediaries seeking to rely on the Base Prospectus and any Final Terms to resell or place Warrants as permitted by article 3.2 of the 2010 PD Amending Directive must obtain prior written consent from the Issuer and the Guarantor; nothing herein is to be understood as a waiver of such requirement for prior written consent.]⁸

[SUMMARY]

[Include issue specific Summary]

USE OF PROCEEDS

The net proceeds from each issue will be used for loans and/or investments extended to, or made in, other companies and entities belonging to the group (for this purposes, as defined in Section 3:2 of the Dutch financial market supervision act (wet op het financieel toezicht) (“**FMSA**”).

FORMS OF WARRANTS

Warrants will be issued in bearer form (“**Bearer Warrants**”) and in registered form (“**Registered Warrants**”) and in dematerialized uncertificated book entry-form in accordance with the Swedish Financial Instruments Accounts Act (Sw.: *Lagen (1998:1479) om kontoföring av finansiella instrument*) (“**Swedish Warrants**”) or in accordance with the Finnish Act on the Book-Entry System and Clearing Operations (749/2012, Fin.: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Finnish Act on Book-Entry Accounts (827/1991, Fin.: *Laki arvo-osuustileistä*) and the Rules of Euroclear Finland (“**Finnish Warrants**”). Bearer Warrants may be in either definitive form or global form. Warrants in definitive bearer form will be serially numbered. Registered Warrants may be either in individual certificate form or in global form. No global or definitive Swedish Warrants or Finnish Warrants will be issued.

Bearer Warrants

Unless otherwise specified in the Conditions or the Final Terms, each issue of Bearer Warrants will initially be in the form of a temporary global warrant in bearer form (a “**Temporary Global Warrant**”) or of a permanent global warrant in bearer form (a “**Permanent Global Warrant**” and, together with a Temporary Global Warrant, the “**Global Warrants**”). Each Temporary Global Warrant will be deposited on or around the issue date of such Warrants (or any Tranche thereof) with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Upon deposit of each Temporary Global Warrant, Euroclear or Clearstream, Luxembourg or, as applicable, any other relevant clearing system, will credit each subscriber with an amount or number of Warrants equal to the amount or number for which it has subscribed and paid.

The interests of the beneficial owner or owners in a Temporary Global Warrant will be exchangeable, in whole or in part, for interests in the Permanent Global Warrant, to be held by such depositary or common depositary from the date (the “**Exchange Date**”) that is 40 days after the date on which the Issuer receives the proceeds of the sale of the relevant Warrants (or the relevant Tranche thereof) (the “**Closing Date**”) only upon certification as to non-U.S. beneficial ownership. However, that exchange will be made only upon receipt of Ownership Certificates (as defined below).

Whenever any interest in the Temporary Global Warrant is to be exchanged for an interest in a Permanent Global Warrant, the Issuer shall procure (in the case of the first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Warrant, duly authenticated, to the bearer of the Temporary Global Warrant or (in the case of any subsequent exchange) an increase in the aggregate number of Warrants represented by the Permanent Global Warrant the Permanent Global Warrant in accordance with its terms against:

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Warrant at the specified office of the Principal Warrant Agent; and
- (b) receipt by the Principal Warrant Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The aggregate number of Warrants represented by the Permanent Global Warrant shall be equal to the aggregate number of Warrants specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the aggregate number of Warrants represented by the Permanent Global Warrant exceed the aggregate number of Warrants represented by the Temporary Global Warrant.

The Permanent Global Warrant will be exchangeable in whole, but not in part, for warrants in definitive bearer form (each, a “**Definitive Warrant**”), which will be serially numbered, if:

- (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) an Event of Default occurs with respect to any Warrants in accordance with the Terms and Conditions of the Warrants.

Whenever the Permanent Global Warrant is to be exchanged for Definitive Warrants, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Warrants, duly authenticated, in an aggregate number of Warrants equal to the aggregate number of Warrants represented by the Permanent Global Warrant to the bearer of the Permanent Global Warrant against the surrender of the Permanent Global at the specified office of the Principal Warrant Agent within 30 days of the bearer requesting such exchange. The depositary or common depositary for Euroclear and Clearstream, Luxembourg or, as applicable, any other relevant clearing system will instruct the Principal Warrant Agent regarding the aggregate number of Definitive Warrants that must be authenticated and

delivered to each of Euroclear and Clearstream, Luxembourg or, as applicable, any other relevant clearing system. Definitive Warrants may not be delivered in the United States.

Legend Concerning United States Persons

Unless otherwise specified in the Final Terms, Global Warrants and Definitive Warrants will bear a legend, in English, to the following effect:

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

The sections referred to in such legend provide that a United States person who holds a Warrant will generally not be allowed to deduct any loss realised on the sale, exchange or exercise of such Warrant and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or exercise will be treated as ordinary income.

Limitations on Issue of, Payments on, and Delivery of Bearer Warrants

Unless otherwise specified in the Final Terms, Bearer Warrants will not be offered, sold or delivered, directly or indirectly, in the United States or its possessions or to United States persons, as defined below, except as otherwise permitted by United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any successor rules). Any Dealer participating in the offerings of Bearer Warrants, directly or indirectly, must agree that (i) it will not, in connection with the original issue of any Bearer Warrants or during the restricted period with respect to such Bearer Warrants (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)) (the “**Restricted Period**”), offer, sell or deliver, directly or indirectly, any Bearer Warrants in the United States or its possessions or to United States persons, other than as permitted by the applicable Treasury Regulations described above; and (ii) it will not at any time offer, sell or deliver, directly or indirectly, any Bearer Warrants in the United States or its possessions or to United States persons, other than as permitted by the applicable Treasury Regulations above. For these purposes, it is presumed that United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) will apply to the Bearer Warrants.

In addition, any Dealer must have procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Warrants is aware of the above restrictions on the offering, sale or delivery of Bearer Warrants.

Unless otherwise specified in the Final Terms, Bearer Warrants, other than Bearer Warrants that satisfy the requirements of United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(iii), will not be delivered in definitive form, and no payment will be made thereon, unless the Issuer has received a signed certificate in writing, or an electronic certificate described in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(ii), (an “**Ownership Certificate**”) stating that on the date of the Ownership Certificate that Bearer Warrant:

- (1) is owned by a person that is not a United States person;
- (2) is owned by a United States person that is described in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6); or
- (3) is owned by a United States or foreign financial institution for the purposes of resale during the Restricted Period,

and, in addition, if the owner of the Bearer Warrant is a United States or foreign financial institution described in clause (3) above, whether or not also described in clause (1) or clause (2) above, the financial institution certifies that it has not acquired the Bearer Warrant for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

The Issuer will make payments on Bearer Warrants only outside the United States and its possessions.

As used herein, “**United States person**” means, for United States federal income tax purposes, (i) a citizen or resident of the United States; (ii) a corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof; (iii) an estate the income of which is subject to United States federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust.

Terms and Conditions applicable to the Bearer Warrants

The terms and conditions of any Definitive Warrant will be endorsed on that Definitive Warrant and will consist of the terms and conditions set out under “*Terms and Conditions of the Warrants*”, as set out above and the provisions of the Final Terms, which complement, amend and/or complete those terms and conditions.

The terms and conditions applicable to any Bearer Warrant in global form will differ from those terms and conditions which would apply to the Warrant were it in definitive form to the extent described under “*Summary of Provisions Relating to the Warrants While in Global Form*” below.

Registered Warrants

Registered Warrants will be in the form of either individual warrant certificates in registered form (“**Individual Warrant Certificates**”) or a global warrant certificate in registered form (a “**Global Warrant Certificate**”), in each case as specified in the Final Terms. Each Global Warrant Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Warrant Certificate will be deposited on or about the Closing Date with the depositary or common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, and will be exchangeable in accordance with its terms.

If the Final Terms specify the form of Warrants or Certificates as being “Individual Warrant Certificates”, then the Warrants will at all times be in the form of Individual Warrant Certificates issued to each Warrantholder in respect of their respective holdings.

If the Final Terms specify the form of Warrants or Certificates as being “Global Warrant Certificate exchangeable for Individual Warrant Certificates”, then the Warrants will initially be in the form of a Global Warrant Certificate which will be exchangeable in whole, but not in part, for Individual Warrant Certificates if:

- (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) an Event of Default occurs with respect to any Warrants in accordance with the Terms and Conditions of the Warrants.

Whenever the Global Warrant Certificate is to be exchanged for Individual Warrant Certificates, the Issuer shall procure that Individual Warrant Certificates will be issued in an aggregate number of Warrants equal to the number of Warrants represented by the Global Warrant Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Warrant Certificate to the Registrar of such information as is required to complete and deliver such Individual Warrant Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Warrant Certificates are to be registered and the quantity of each such person's holding) against the surrender of the Global Warrant Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Warrant Agreement and the regulations concerning the transfer and registration of Warrants scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Registered Warrants

The terms and conditions applicable to any Individual Warrant Certificate will be endorsed on that Individual Warrant Certificate and will consist of the terms and conditions set out under “*Terms and Conditions of the Warrants*” above and the provisions of the Final Terms which complement and/or complete those terms and conditions.

The terms and conditions applicable to any Global Warrant Certificate will differ from those terms and conditions which would apply to the Warrants were they in individual form to the extent described under “*Summary of Provisions Relating to the Warrants while in Global Form*” below.

Swedish Warrants

Notwithstanding the foregoing, Swedish Warrants will be issued in dematerialized uncertificated book entry-form in accordance with the Swedish Financial Instruments Accounts Act (Sw.: *Lagen (1998:1479) om kontoföring av finansiella instrument*), other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by Euroclear Sweden. Swedish Warrants will not be issued in definitive form and Swedish Warrants will not be exchangeable for Bearer Warrants or Registered Warrants or vice versa.

Swedish Warrants will be registered in a register (Sw.: *avstämningsregister*) held by Euroclear Sweden (the “**Swedish Warrants Register**”) and payments of any Cash Settlement Amount on Swedish Warrants will be made by Euroclear Sweden on behalf of the Issuer to the persons registered as holders of such warrants in the Swedish Warrants Register on the fourth Payment Date (or in accordance with the rules and procedures applied by Euroclear Sweden from time to time) prior to the due date of the relevant payment.

Terms and Conditions applicable to the Swedish Warrants

The terms and conditions applicable to any Swedish Warrant will consist of the terms and conditions set out under “*Terms and Conditions of the Warrants*” above and the provisions of the Final Terms which complement and/or complete those terms and conditions.

Finnish Warrants

Notwithstanding the foregoing, Finnish Warrants will be issued in dematerialized uncertificated book entry-form in accordance with the Finnish Act on the Book-Entry System and Clearing Operations (749/2012, Fin.: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Finnish Act on Book-Entry Accounts (827/1991, Fin.: *Laki arvo-osuustileistä*), other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by Euroclear Finland. Finnish Warrants will not be issued in definitive form and Finnish Warrants will not be exchangeable for Bearer Warrants or Registered Warrants or vice versa.

The registration of the Finnish Warrants in Euroclear Finland’s system for the registration of financial instruments shall be governed by, and shall be construed in accordance with Finnish law.

Finnish Warrants will be registered in a register held by Euroclear Finland on behalf of the Issuer (the “**Finnish Warrants Register**”) and payments in respect of the Finnish Warrants will be made by the Finnish Warrant Agent through Euroclear Finland on behalf of the Issuer to the persons registered as holders of such Finnish Warrants in the Finnish Warrants Register at the close of business on the third Business Day before the relevant due date.

Terms and Conditions applicable to the Finnish Warrants

The terms and conditions applicable to any Finnish Warrant will consist of the terms and conditions set out under “*Terms and Conditions of the Warrants*” above and the provisions of the Final Terms which complement and/or complete those terms and conditions.

Legends Concerning Regulation S and ERISA

Unless otherwise specified in the Final Terms, Bearer Warrants will bear a legend, in English, substantially to the following effect:

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

This warrant and the securities to be delivered upon exercise hereof have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or any securities laws of any State in the United States. This warrant may not be offered, sold, pledged, delivered or otherwise transferred at any time, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined in either Regulation S under the Securities Act (“Regulation S”) or the Internal Revenue Code). This warrant may not be exercised by or on behalf of any U.S. person.

By its acquisition hereof, the holder (1) represents that it is purchasing the instrument evidenced hereby for its own account or an account over which it exercises sole investment discretion and that it and any such account is a non-U.S. person acquiring this instrument in an offshore transaction (as defined in Regulation S) in accordance with Regulation S; (2) agrees that it will not resell or otherwise transfer the instrument evidenced hereby except in accordance with rule 903 or 904 of Regulation S; and (3) agrees that it will deliver to each person to whom the instrument evidenced hereby is transferred a notice substantially to the effect of this legend.

The investor shall be deemed to represent by its acquisition and holding of an interest herein that it is not acquiring the warrants with the assets of any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), any individual retirement account or plan subject to Section 4975 of the Internal Revenue Code or any entity whose underlying assets include, or are deemed to include, “plan assets” within the meaning of ERISA and 29 U.S.C.F.R. §2510.3-101 (as modified by Section 3(42) of ERISA) by reason of any such plan’s or account’s investment herein.”

Unless otherwise specified in the Final Terms, certificates in respect of Registered Warrants will bear a legend, in English, substantially to the following effect:

“This warrant and the securities to be delivered upon exercise hereof have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), or any securities laws of any State in the United States. This warrant may not be offered, sold, pledged, delivered or otherwise transferred at any time, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined in either Regulation S under the Securities Act (“Regulation S”) or the Internal Revenue Code). This warrant may not be exercised by or on behalf of any U.S. person.

By its acquisition hereof, the holder (1) represents that it is purchasing the instrument evidenced hereby for its own account or an account over which it exercises sole investment discretion and that it and any such account is a non-U.S. person acquiring this instrument in an offshore transaction (as defined in Regulation S) in accordance with Regulation S; (2) agrees that it will not resell or otherwise transfer the instrument evidenced hereby except in accordance with rule 903 or 904 of Regulation S; and (3) agrees that it will deliver to each person to whom the instrument evidenced hereby is transferred a notice substantially to the effect of this legend.

The investor shall be deemed to represent by its acquisition and holding of an interest herein that it is not acquiring the warrants with the assets of any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), any individual retirement account or plan subject to Section 4975 of the Internal Revenue Code or any entity whose underlying assets include, or are deemed to include, “plan assets” within the meaning of ERISA and 29 U.S.C.F.R. §2510.3-101 (as modified by Section 3(42) of ERISA) by reason of any such plan's or account's investment herein.”

SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Bearer Warrants (or any Tranche thereof) represented by a Global Warrant, references in the “*Terms and Conditions of the Warrants*” to “**Warrantholder**” are references to the bearer of the relevant Global Warrant which, for so long as the Global Warrant is held by a depositary or common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be such depositary or common depositary. In relation to any Registered Warrants (or any Tranche thereof) represented by a Global Warrant Certificate, references in the “*Terms and Conditions of the Warrants*” to “**Warrantholder**” are references to the person in whose name such Global Warrant Certificate is for the time being registered which, for so long as the Global Warrant Certificate is held by or on behalf of a depositary or common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be such depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Warrant or a Global Warrant Certificate (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Warrant or Global Warrant Certificate and in relation to all other rights arising under such Global Warrant or Global Warrant Certificate, including any right to exchange any exchangeable Warrants or any right to require the Issuer to repurchase such Warrants. The respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time will determine the extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Warrant or Global Warrant Certificate and the timing requirements for meeting any deadlines for the exercise of those rights. For so long as the relevant Warrants are represented by the Global Warrant or Global Warrant Certificate, Accountholders shall have no claim directly against the Issuer in respect of its obligations under the Warrants and such obligations of the Issuer will be discharged by payment or delivery to the holder of the Global Warrant or Global Warrant Certificate, as the case may be, of each amount to be so paid or of each relevant Reference Item to be so delivered.

So long as Euroclear, Clearstream, Luxembourg or its nominee is the registered holder of a Global Warrant or Global Warrant Certificate, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner of the Warrants represented by such Global Warrant or Global Warrant Certificate for all purposes under the Warrant Agreement and such Warrants, except to the extent that in accordance with Euroclear or Clearstream, Luxembourg’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Exchange of Temporary Global Warrant

If:

- (a) a Permanent Global Warrant has not been delivered or the number of Warrants represented thereby increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Warrant has requested exchange of an interest in the Temporary Global Warrant for an interest in a Permanent Global Warrant; or
- (b) a Temporary Global Warrant (or any part thereof) has become due and payable in accordance with the terms and conditions of such Temporary Global Warrant as set out in “*Terms and Conditions of the Warrants*” or the date for final exercise of a Temporary Global Warrant has occurred and, in either case, payment or delivery (as applicable) in full has not been made to the bearer of the Temporary Global Warrant in accordance with the terms of the Temporary Global Warrant on the due date for payment or delivery (as applicable),

then the Temporary Global Warrant (including the obligation to deliver a Permanent Global Warrant or increase the number of Warrants represented thereby, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Warrant will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Warrant or others may have in respect of the Warrants under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Warrant will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Temporary Global Warrant became void, they had been the holders of Warrants in definitive form in an aggregate number of Warrants equal to the number of the Warrants they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Warrant

Whenever a Permanent Global Warrant is to be exchanged for Warrants in definitive form, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such definitive Warrants, duly authenticated, in an aggregate number of Warrants equal to the number of Warrants represented by the Permanent Global Warrant to the bearer of the Permanent Global Warrant against the surrender of the Permanent Global Warrant at the Specified Office of the Principal Warrant Agent within 30 calendar days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Warrant was originally issued in exchange for part only of a Temporary Global Warrant representing the Warrants and such Temporary Global Warrant becomes void in accordance with its terms; or
- (b) a Permanent Global Warrant (or any part of it) has become due and payable in accordance with the terms and conditions of such Permanent Global Warrant as set out in "*Terms and Conditions of the Warrants*" or the Warrants have been exercised and, in either case, payment or delivery (as applicable) in full has not been made to the bearer of the Permanent Global Warrant in accordance with the terms of the Permanent Global Warrant on the due date for payment or delivery (as applicable),

then the Permanent Global Warrant (including the obligation to deliver Warrants in definitive form) will become void at 5.00 p.m. (London time) on the date on which such Temporary Global Warrant becomes void (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Warrant will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Warrant or others may have in respect of the Warrants under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system in force as being entitled to an interest in a Permanent Global Warrant in respect of the Warrants will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Permanent Global Warrant became void, they had been the holders of Warrants in definitive form in an aggregate nominal amount or number of Warrants equal to the nominal amount or number of the Warrants they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Global Warrant Certificates

Whenever a Global Warrant Certificate is to be exchanged for Individual Warrant Certificates, the Issuer shall procure that the relevant quantity of Individual Warrant Certificates will be issued within five business days of the delivery, by or on behalf of the holder of the Global Warrant Certificate to the Registrar of such information as is required to complete and deliver such Individual Warrant Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Warrant Certificates are to be registered and the quantity of each such person's holding) against the surrender of the Global Warrant Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Warrant Agreement and the regulations concerning the transfer and registration of Registered Warrants scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Warrant Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Warrant Certificate; or
- (b) any of the Warrants represented by a Global Warrant Certificate (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Warrants, payment or delivery (as applicable) in full has not been made to the holder of the Global Warrant Certificate in accordance with the terms of the Global Warrant Certificate on the due date for payment or delivery (as applicable),

then 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above), each person shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interest in the Warrants (each an "**Accountholder**"), shall acquire rights under the Deed of Covenant to enforce against the Issuer, the Issuer's obligations to the Warrantholder in respect of the Warrants represented by the Global Warrant Certificate, including the obligation of the Issuer to make all payments and deliveries when due at any time in respect of such Warrants as if such Warrants had been duly presented and (where required by the Conditions) surrendered on the due date in accordance with the Conditions. Each Accountholder shall acquire such right without prejudice to any other rights which the Warrantholder may have under the Global Warrant Certificate and the Deed of Covenant. Notwithstanding the rights that each Accountholder may acquire under the Deed of Covenant, payment or delivery to the Warrantholder in respect of any Warrants represented by the Global Warrant Certificate shall constitute a discharge of the Issuer's obligations to the extent of any such

payment or delivery and nothing in the Deed of Covenant shall oblige the Issuer to make any payment or delivery under the Warrants to or to the order of any person other than the Warrantholder.

Conditions Applicable to Global Warrants and Global Warrant Certificates

Each Global Warrant and Global Warrant Certificate will contain provisions which modify the terms and conditions set out in “*Terms and Conditions of the Warrants*” as they apply to the Global Warrant and the Global Warrant Certificate. The following is a summary of certain of those provisions:

Transfers of interests in the Warrants : Any transfers of the interest of an Accountholder in any Warrants that are represented by a Global Warrant or a Global Warrant Certificate must be effected through the relevant Accountholder's account with Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (each a “**Clearing System**”) and in accordance with the rules of the relevant Clearing System.

Exercise procedures: Subject to prior termination of the Warrants as provided in the Conditions and except if the Warrants are Cash Settled Warrants and General Condition 4(a) (*Automatic Exercise in respect of Global Warrants or Global Warrant Certificates*) has been specified as applicable in the Final Terms, Warrants may be exercised by an Accountholder (at its own expense) at such time and on such day(s) as provided in Conditions 3(a) (*American Style Warrants*), 3(b) (*European Style Warrants*) or 3(c) (*Bermudan Style Warrants*) of the “*Terms and Conditions of the Warrants*” by delivery of a duly completed and signed Exercise Notice to:

- (i) the Clearing Systems (if so permitted by the rules and procedures of the Clearing Systems, such Exercise Notice may be in the form of an authenticated instruction via SWIFT delivered to the Clearing Systems by the relevant Warrantholder or, if such Warrantholder is not a participant or customer of the Clearing Systems, then on such Warrantholder's behalf by such participant or customer, or such Exercise Notice may be sent to the Clearing Systems by any other communications channel authorised by the rules and operating procedures of the relevant Clearing System); and
- (ii) the relevant Warrant Agent or Registrar, with a copy to the Calculation Agent.

Any such exercise shall be subject to the rules and procedures of the relevant Clearing System and any Exercise Notice will be irrevocable and may not be withdrawn by the Accountholder. The holder of the Global Warrant (or Global Warrant Certificate upon the exercise of the Warrant in full) must, within the period specified therein for the deposit of the relevant Warrant, deposit such Global Warrant or Global Warrant Certificate (as the case may be) with the Principal Warrant Agent (in the case of a Global Warrant) or the Registrar (in the case of a Global Warrant Certificate).

Any Exercise Notice delivered (a) after the Expiration Date, in the case of American Style Warrants, shall be void, (b) after 10.00 a.m. (London time) on the Specified Exercise Date, in the case of European Style Warrants, shall be void, and (c) after the Latest Exercise Time on the Final Potential Exercise Date in the case of Bermudan Style Warrants, shall be void.

Exercise dates and times: Exercise of Warrants represented by a Global Warrant or a Global Warrant Certificate may only be effected on a day on which the relevant Clearing System is open for business in addition to any other relevant day as provided in the Conditions. Such Warrants must be exercised as provided in the “*Terms and Condition of the Warrants*” (as modified as set out below) by 10.00 a.m. in the place where Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system through which the relevant Warrants are exercised (unless otherwise specified in the Final Terms).

Form of Exercise Notice: Each Exercise Notice shall be in the form (for the time being current) available from each Warrant Agent or the Registrar and must:

- (i) specify the name, address, telephone and facsimile details of the Accountholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of the relevant Series being exercised by the Accountholder (which must not be less than the Minimum Exercise Number);
- (iii) specify the number of the Accountholder's account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may be, confirm that the Accountholder has irrevocably instructed, the relevant Clearing System to debit the Accountholder's account with the Warrants being exercised and credit the same to the account of the Principal Warrant Agent (for the account of the Issuer);
- (iv) where applicable, specify the number of the Accountholder's account at the relevant Clearing System to be credited with the Cash Settlement Amount or the relevant Entitlement (as applicable) for the Warrants being exercised;

- (v) include an irrevocable undertaking to pay any applicable Taxes due and Expenses payable by reason of exercise of and an authority to the Issuer and the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Accountholder or otherwise (on, or at any time after, the Cash Settlement Date) and to debit a specified account of the Accountholder at the relevant Clearing System with an amount or amounts in respect thereof;
- (vi) in the case of Physical Delivery Warrants, include an irrevocable instruction to the relevant Clearing System to debit the specified account of the Accountholder with an amount equal to the aggregate Exercise Price on the Exercise Price Payment Date in respect of the Warrants being exercised on the Physical Delivery Settlement Date and to credit such amount to the account of the Principal Warrant Agent (for the account of the Issuer);
- (vii) give a certification as to the non-U.S. beneficial ownership of the Warrants being exercised therewith; and
- (viii) authorise the production of such certification in any applicable administrative or legal proceedings.

Verification of Accountholder: To exercise any Warrants, the relevant Accountholder must duly complete an Exercise Notice. The relevant Clearing System shall, in accordance with its normal operating procedures, verify that each person exercising Warrants is the Accountholder thereof according to the records of such Clearing System and that such Accountholder has an account at the relevant Clearing System which contains Warrants in an amount being exercised and funds equal to any applicable Taxes in respect of the Warrants being exercised.

If, in the determination of the relevant Clearing System, the relevant Warrant Agent or the Registrar:

- (i) the Exercise Notice is not complete or not in proper form;
- (ii) the Accountholder submitting an Exercise Notice is not validly entitled to exercise the relevant Warrants or not validly entitled to deliver such Exercise Notice; or
- (iii) the relevant Accountholder does not provide evidence on behalf of the Warrantholder, at the reasonable request of the relevant Warrant Agent or the Registrar, that sufficient funds equal to any applicable Taxes, Expenses and the aggregate Exercise Price (if any) will be available on the Exercise Date,

that Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted if exercise of the Accountholder's Warrants is still desired. The Issuer shall procure that the Principal Warrant Agent, upon being informed of the defective Exercise Notice by the relevant Clearing System, Warrant Agent or the Registrar, as the case may be, informs the Accountholder submitting such defective Exercise Notice of the defect(s) and of the requirement to submit a new duly completed Exercise Notice if such Accountholder intends to exercise the relevant Warrants on the relevant Exercise Date.

Any determination by the relevant Clearing System, the relevant Warrant Agent or the Registrar as to any of the matters set out above shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Accountholder and the beneficial owner of the Warrants exercised.

Notification to the relevant Warrant Agent or the Registrar: Subject to the verification set out above, the relevant Clearing System will:

- (i) confirm to the relevant Warrant Agent, in the case of Bearer Warrants, or to the Registrar, in the case of Registered Warrants (copied to the Issuer and the Calculation Agent) the number of Warrants being exercised and the number of the account to be credited with the Cash Settlement Amount; and
- (ii) promptly notify the common depositary of receipt of the Exercise Notice and the number of the Warrants to be exercised.

Upon exercise of less than all of the Warrants represented by the Global Warrant or Global Warrant Certificate, the common depositary will note such exercise on the Schedule to the Global Warrant or the Registrar will note such exercise in the Register relating to such Global Warrant Certificate and the aggregate nominal amount or number of Warrants so exercised as represented by the Global Warrant or Global Warrant Certificate shall be cancelled *pro tanto*.

Debit of Accountholder's Account: The relevant Clearing System will on or before the Settlement Date debit the relevant account of the Accountholder and credit the relevant account of the Principal Warrant Agent (in favour of the Issuer) with: (i) the Warrants being exercised, (ii) any applicable Taxes (if any) in respect of the Warrants being exercised and (iii) any other amounts as may be specified in the Final Terms.

If any of the items set out in the paragraph above are not so credited to the relevant account of the Principal Warrant Agent (in favour of the Issuer), then the Issuer shall be under no obligation to make any payment of any nature to the relevant Accountholder in respect of the Warrants being exercised, and the Exercise Notice delivered in respect of such Warrants shall thereafter be void for all purposes.

Effect of Exercise Notice: Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Accountholder to exercise the Warrants specified therein, provided that the person exercising and delivering such Exercise Notice is the person then appearing in the records of the relevant Clearing System as the holder of the relevant Warrants. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void) by an Accountholder, such Accountholder shall not be permitted to transfer either legal or beneficial ownership of the Warrants exercised thereby. Notwithstanding this, if any Accountholder does so transfer or attempt to transfer such Warrants, the Accountholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently: (i) entering into replacement hedging operations in respect of such Warrants; or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

Payments: All payments in respect of a Global Warrant which, in accordance with the “*Terms and Conditions of the Warrants*”, require presentation and/or surrender of a definitive Warrant or definitive Certificate will be made against presentation and (in the case of payment in full) and/or surrender of the Global Warrant at the specified office of the Principal Warrant Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Warrants. On each occasion on which a payment is made in respect of the Global Warrant, the Issuer shall procure that the same is noted in a schedule thereto and entered *pro rata* in the records of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. Any payments shall be made in accordance with the rules and procedures of the relevant Clearing System and the Issuer. The Warrant Agents, the Registrar and the Transfer Agent, shall not be liable, under any circumstance, for any acts or defaults of any Clearing System in the performance of the Clearing System's duties in relation to the Warrants.

Payment Record Date: Each payment or delivery in respect of a Global Warrant Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each relevant Clearing System for which the Global Warrant Certificate is being held is open for business. Any payment in full will be made against surrender of the Global Warrant Certificate at the specified office of the Registrar and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Warrants.

Notices: Notwithstanding General Condition 9 (*Notices*) of the “*Terms and Conditions of the Warrants*”, while all the Warrants are represented by a Global Warrant or Global Warrant Certificate and the Global Warrant or Global Warrant Certificate is deposited with a Clearing System, notices to Warrantholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Warrantholders in accordance with General Condition 9 (*Notices*) of the “*Terms and Conditions of the Warrants*”, as applicable, on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

Introduction

BBVA Global Markets, B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), was incorporated under the laws of the Netherlands on 29th October, 2009 for an unlimited duration and with the purpose of issuing Warrants under the Programme in accordance with the objects clause contained in article 3 of the Deed of Incorporation of the Issuer dated 29th October, 2009 which reads as follows:

“The objects for which the Company is established are to raise finance through the issuance of bonds, notes, warrants, certificates and other debt instruments, and invest the funds raised in any kind of financial assets. For these purposes, the Company may enter into (i) derivative transactions or other hedging agreements, and (ii) other agreements with third parties in connection with the above object.”

The Issuer has its seat (*zetel*) in Amsterdam. The Issuer's registered office is C/ Saucedo, 28, 28050 Madrid, Spain (tel: +34 913745123) and its Dutch correspondence address is at Postbus, 1100 AT, Amsterdam, the Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 34363108. The Issuer has its “place of effective management” and “centre of principal interests” in Spain.

The Issuer serves as a financing company for the purposes of the Group and is regularly engaged in different financing transactions within the limits set forth in its articles of association (the “**Articles of Association**”). The Issuer's objective is, among others, to arrange medium and long term financing for the BBVA Group and cost saving by grouping these activities. Because of its aforementioned purpose, the Issuer does not have any markets in which it competes and, therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

The Issuer is a financing company that is exempt from the license requirements to operate as a bank pursuant to the exemption contained in section 3:2 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) (the “**FMSA**”), as long as:

- (i) there is an unconditional guarantee from the Guarantor for the due and punctual payment of all amounts payable to the Holders that do not qualify as Professional Market Parties (as defined in the FMSA) or that are part of a closed circle with the Issuer, and the Guarantor's consolidated equity capital remains positive throughout the term of the guarantee; and
- (ii) at least 95 per cent of its borrowings consist of loans and/or investments extended to, or made in, other companies and entities belonging to the Group (as defined in section 3:2 of the FMSA).

History

The Issuer has not previously carried on any business or carried on any activities other than those incidental to its registration, the authorisation and issues of medium term notes pursuant to its €2,000,000,000 Structured Medium Term Note Programme guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., and the authorisation and issue of Warrants contemplated in this Offering Circular and the other matters described or contemplated in this Offering Circular and the obtaining of all approvals and the effecting of all registrations and filings necessary or desirable for its business activities.

Ownership and Capital Structure

The authorised share capital of the Issuer is €90,000 divided into 900 ordinary shares of €100 each. The total issued and paid up share capital amounts to €18,000 consisting of 180 ordinary shares. The Issuer is a direct wholly-owned subsidiary of BBVA and does not have any subsidiaries of its own. In addition, BBVA made a €19,000 share premium contribution to the Issuer on 21st November, 2011 and a €53,000 share premium contribution to the Issuer on 19th December, 2012. There are no preferential rights of shares or profit sharing certificates. There is no conditional share capital. The entire clause 4 of the Deed of Incorporation regarding the share capital reads as follows:

“The authorised share capital of the Company is ninety thousand euro (EUR 90,000), divided into nine hundred (900) Shares, each with a par value of one hundred euro (EUR 100).”

Financial Statements

The Issuer has published audited financial statements for the financial years ended 31st December, 2012 and 31st December, 2011 (the “**Issuer's Financial Statements**”). The Issuer's Financial Statements were prepared in accordance with EU-IFRS and are incorporated by reference into this Base Prospectus (see page 55).

Other than as described herein there has been no material change in the capitalisation of the Issuer. No dividends have been paid out by the Issuer since its incorporation.

The auditors of the Issuer are Deloitte Accountants B.V. Orlyplein 10, 1043 DP Amsterdam, Netherlands. The auditors of the Issuer are Chartered Accountants and members of the Netherlands Institute for Chartered Accountants (*Nederlands Instituut voor Registeraccountants*).

Business

The principal business of the Issuer is to raise funds on the capital and money markets to finance the business activities of, and enter into other financial arrangements with, the Guarantor and its subsidiaries.

Management

The Board of Directors of the Issuer consists of the following Managing Directors:

Name	Position at the Issuer	Present Principal Occupation Outside of the Issuer
Raul Moreno Carnero	Managing Director	Institutional Funding Manager of BBVA
Maria Angeles Coscaron Tome	Managing Director	Head of Global Structured Solutions of BBVA
Christian Højbjerg Mortensen	Managing Director	Global Structured Solutions Manager of BBVA
Eloy Fontecha Fernandez	Managing Director	Head of Global Markets-Europe of BBVA

There may be potential conflicts of interests with the directors of the Issuer as these persons hold senior executive positions in the Guarantor.

The business address of the Managing Directors of the Issuer is Calle Saucedo 28, 28050 Madrid, Spain. The Issuer does not have any employees.

The Issuer follows generally applicable principles of corporate governance.

Tax Status of Issuer

The Issuer has its tax residency in Spain.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

History and Development of the Guarantor

The terms “**BBVA**” and “**Group**” refer to Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated subsidiaries.

BBVA's predecessor bank, BBV, was incorporated as a limited liability company (a *sociedad anónima* or **S.A.**) under the Spanish Corporations Law on 1st October, 1988. BBVA was formed following the merger of Argentaria into BBV, which was approved by the shareholders of each entity on 18th December, 1999 and registered on 28th January, 2000. It conducts its business under the commercial name “BBVA”. BBVA is registered with the Commercial Registry of Vizcaya (Spain). It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Paseo de la Castellana, 81, 28046, Madrid, Spain telephone number +34-91-374-6201. BBVA is incorporated for an unlimited term.

Capital Expenditures

BBVA's principal investments are financial investments in its subsidiaries and affiliates. The main capital expenditures in 2013, 2012 and 2011 were the following:

2013

Acquisition of Unnim Vida

On 1 February 2013, Unnim Banc, S.A. reached an agreement with Aegon Spain Holding B.V. to acquire its 50 per cent. stake in Unnim Vida, S.A. de Seguros y Reaseguros (“**Unnim Vida**”). As a result the Group's total holding in the share capital of Unnim Vida is 100 per cent.

2012

Acquisition of Unnim

On 7 March 2012, the Management Commission of the FROB accepted BBVA's offer to acquire Unnim Banc, S.A. (“**Unnim**”). The FROB, the Deposit Guarantee Fund of Credit Institutions (*Fondo de Garantía de Depósitos* or “**FGD**”) and BBVA entered into a purchase agreement, by virtue of which BBVA acquired 100 per cent. of the shares of Unnim for a purchase price of €1.

In addition, BBVA, the FGD, the FROB and Unnim signed a Protocol of Financial Measures for the restructuring of Unnim, which regulates the Asset Protection Scheme through which the FGD will be responsible for 80 per cent. of the losses incurred by a predetermined asset portfolio of Unnim for a period of 10 years following the transaction.

On 27 July 2012, following the completion of the transaction, BBVA became the holder of 100 per cent. of the capital of Unnim.

2011

Acquisition of a capital holding in the Turkish bank Garanti

On 22 March 2011, through the execution of the agreements signed in November 2010 with the Doğu group and having obtained the corresponding authorisations, BBVA completed the acquisition of a 24.89 per cent. holding of the share capital of Garanti. Subsequently, an additional 0.12 per cent. holding was acquired through the stock exchanges, increasing the Group's total holding in the share capital of Garanti to 25.01 per cent. as of 31 December 2011. The total amount spent on these acquisitions totalled U.S.\$5,876 million (approximately €4,140 million taking into account the hedging derivatives contracted to hedge the deal's euro/dollar exchange-rate risk).

The agreements with the Doğu group include an arrangement for the joint management of the Guarantor and the appointment of some of the members of its Board of Directors by the Group. BBVA also has a perpetual option to purchase an additional 1 per cent. of Garanti, which will become exercisable on 22 March 2016. Considering its current shareholding structure, if the Group were to exercise this option, it would have effective control of Garanti. For additional information, see Note 3 to the Consolidated Financial Statements.

Purchase of Credit Uruguay Banco

On 18 January 2011, after obtaining the corresponding authorisations, the purchase of Credit Uruguay Banco was completed for approximately €78 million, generating goodwill for an insignificant amount.

Capital increase in CNCB

BBVA participated in the capital increase carried out by CNCB in 2011, in order to maintain its then stake in CNCB (15 per cent.), with a payment of €425 million.

CAPITAL DIVESTITURES

BBVA's principal divestitures are financial divestitures in its subsidiaries and affiliates.

2013

Sale of BBVA Panama

On 20 July 2013, BBVA announced that it had reached an agreement with Leasing Bogotá S.A., Panamá, a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale to the former of all of the stake held by BBVA directly and indirectly in Banco Bilbao Vizcaya Argentaria (Panamá), S.A. ("**BBVA Panamá**"). The aggregate direct and indirect participation of BBVA in BBVA Panamá represents approximately 98.92 per cent. of the share capital of the company.

On 19 December 2013, after having obtained the necessary approvals, BBVA completed the sale.

The total consideration that BBVA obtained pursuant to this sale amounted to approximately USD

645 million, USD 505 million of which represented the sale price and the remaining USD 140 million was received through the distribution of dividends by BBVA Panamá from 1 June 2013.

This distribution of dividends from BBVA Panamá resulted in a corresponding reduction in the purchase price to be paid to BBVA on the closing of this transaction.

New agreement with Citic Group

As of 21 October 2013, BBVA reached a new agreement with the Citic Group that included among other aspects the sale of BBVA's 5.1 per cent. stake in China Citic Bank Corporation Limited ("**CNCB**") to Citic Limited for an amount of approximately €944 million. After this sale, the stake of BBVA in CNCB was reduced to 9.9 per cent.

Simultaneously, BBVA and the Citic Group agreed to adapt their strategic cooperation agreement to this new situation, removing the exclusivity obligations that affected the activities of BBVA in the People's Republic of China, and agreeing to negotiate new areas of cooperation among both banks, as BBVA's current intention is to remain a key long term investor in CNCB.

Sale of pension businesses in Latin America

On 24 May 2012 BBVA announced its decision to conduct a study on strategic alternatives for its pension business in Latin America. The alternatives considered in this process include the total or partial sale of the businesses of the Pension Fund Administrators (AFP) in Chile, Colombia and Peru, and the Retirement Fund Administrator (Afore) in Mexico.

On 2 October 2013, with the completion of the sale of the Chilean pension fund manager, Administradora de Fondos de Pensiones Provida SA ("**AFP Provida**"), BBVA finalised this process. A description of each of the operations that have been carried out during this process are set out below:

Sale of AFP Provida (Chile)

On 1 February 2013, BBVA reached an agreement with MetLife, Inc., for the sale of the 64.3 per cent. stake that BBVA held direct and indirectly in AFP Provida.

On 2 October 2013, BBVA completed this sale. The total amount in cash received by BBVA was approximately USD 1,540 million, taking into account the purchase price amounting to approximately USD 1,310 million as well as the dividends paid by AFP Provida since 1 February 2013 amounting to approximately USD 230 million.

Sale of BBVA AFP Horizonte S.A. (Peru)

On 23 April 2013, BBVA transferred 100 per cent. of the share capital of the Peruvian company "AFP Horizonte SA" to "AFP Integra SA" and "Profuturo AFP, SA" who each acquired 50 per cent. of this company.

The total consideration received by BBVA for these shares was approximately USD 544 million. This consideration was composed of a purchase price of approximately USD 516 million and the distribution of a dividend prior to closing of approximately USD 28 million.

Sale of BBVA AFP Horizonte S.A. (Colombia)

On 24 December 2012, BBVA reached an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir, S.A., a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale to the former of the

total stake held directly and indirectly by BBVA in the Colombian company BBVA Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.

On 18 April 2013, after having obtained the necessary approvals, BBVA completed this sale. The adjusted total sale price was USD 541.4 million.

Sale of Afore Bancomer (Mexico)

On 27 November 2012, BBVA announced that it had reached an agreement to sell to Afore XXI Banorte, S.A. de C.V. the entire stake that BBVA held directly or indirectly in the Mexican subsidiary Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.

Once the corresponding authorisation had been obtained from the competent authorities, the sale completed on 9 January 2013, at which point the BBVA Group ceased to control this subsidiary.

2012

In June 2012, BBVA reached an agreement to sell its business in Puerto Rico to Oriental Financial Group Inc. The sale price was U.S.\$500 million (approximately €385 million at the exchange rate on the date of the transaction). Gross capital losses from this sale amounted to approximately €15 million (taking into account the exchange rate at the time of the transaction and the earnings of the sold companies up to the closing of the transaction, on 18 December 2012).

2011

During 2011, BBVA sold its participation in certain non-strategic associates and also concluded the liquidation and merger of several issuers, financial services and real estate affiliates.

BUSINESS OVERVIEW

BBVA is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.

OPERATING SEGMENTS

The main changes in the reporting structure of the Group's operating segments in 2013 are as follows:

- a) As a result of the increasingly geographical orientation of the Group's reporting structure, certain portfolios, finance and structural euro balance sheet positions managed by the Assets and Liabilities Committee (**ALCO**) that were previously reported under the Corporate Activities segment (which is currently named the "Corporate Centre") are now part of the Spain segment (described below) of the Group.
- b) Due to the particularities of their management, the assets and results pertaining to the real estate business in Spain are now presented under a separate segment: Real Estate Activity in Spain. This new segment includes lending to real estate developers (which was previously included in the Spain segment) and foreclosed real estate assets (which were previously included in the Corporate Activities segment).

Set forth below are the Group's current six operating segments:

- a) Spain
- b) Real Estate Activity in Spain
- c) Eurasia
- d) Mexico
- e) South America
- f) United States

For comparison, the Group's 2012 financial information by operating segment has been restated to reflect the Group's current reporting structure.

In addition to the operating segments referred to above, the Group has a Corporate Centre which includes those items that have not been allocated to an operating segment. It includes the Group's general management functions, including: costs from central units that have a strictly corporate function; management of structural exchange-rate positions carried out by the Financial Planning unit; specific issues of capital instruments to ensure adequate management of the Group's overall capital position; proprietary portfolios such as industrial holdings and their corresponding results; certain tax assets and liabilities; provisions related to commitments with pensioners; and goodwill and other intangibles. In addition, it also comprises the results from certain corporate operations carried out over 2013, such as those from the sale of the pension business in Latin America, including the capital gains from the sale of the businesses in Mexico (first quarter), Colombia and Peru (second quarter) and Chile (fourth quarter), those resulting from the sale of BBVA Panama (fourth quarter), and the effect of the re-pricing of the stake in CNCB to market value following the signing in the fourth quarter of the new agreement with the CITIC group, including the sale of BBVA's 5.1 per cent. stake in CNCB. It also includes the equity-accounted earnings from CNCB (excluding dividends) for 2013 and 2012. Lastly, in 2012 it includes the financial statements of BBVA Puerto Rico until its sale, which was completed in December 2012.

Set forth below is financial information for each of the Group's current operating segments as of and for the years ended 31 December 2013 and 2012.

The breakdown of the Group's total assets by operating segments as of 31 December 2013 and 2012 is as follows:

Total Assets by Operating Segments	As of 31 December	
	2013	2012
	<i>(in millions of euros)</i>	
Spain	315,561	345,362
Real Estate Activity in Spain	20,563	21,923
Eurasia	41,223	48,324
Mexico	82,171	81,723
South America	78,141	77,474
United States	53,042	53,892
Subtotal Assets by Operating Segments	590,700	628,698
Corporate Centre and other adjustments(*)	(8,125)	(7,626)
Total Assets BBVA Group	582,575	621,072

(*) Includes adjustments due to the Garanti Group being accounted for using the equity method and other inter-areas adjustments

The following table sets forth information relating to the profit attributed to the parent company by each of BBVA's operating segments for the years ended 31 December 2013 and 2012.

	Profit/(Loss) Attributable to Parent Company		% Profit/(Loss) Attributable to Parent Company	
	For the Year Ended December 31,			
	2013	2012⁽¹⁾	2013	2012⁽¹⁾
	<i>(in millions of euros)</i>		<i>(in percentage)</i>	
Spain	583	1,162	18.1	136.2
Real Estate Activity in Spain	(1,254)	(4,044)	(38.9)	(474.1)
Eurasia	454	404	14.1	47.4
Mexico	1,805	1,689	55.9	198.0
South America	1,249	1,199	38.7	140.6
United States	390	443	12.1	51.9
Subtotal operating segments	3,227	853	100.0	100.0
Corporate Centre	(999)	823		
Profit attributed to parent company	2,228	1,676		

- (1) Profit/(Loss) attributable to parent company for the year ended 31 December 2012 has been affected by the significant loan-loss provisions made to reflect the steady impairment of BBVA's real estate portfolios in Spain.

The following table sets forth information relating to the income of each operating segment for the years ended 31 December 2013 and 2012 and reconciles the income statement of the various operating segments to the consolidated income statement of the Group:

	Operating Segments								Adjustment s (*)	BBVA Group
	Spain	Real Estate Activity in Spain	Eurasia	Mexico	South America	United States	Corporate Centre	Total		
<i>(in millions of euros)</i>										
2013										
Net interest income	3,830	(3)	911	4,484	4,703	1,407	(719)	14,613	(713)	13,900
Operating profit/(loss) before tax	222	(1,840)	593	2,362	2,387	534	(1,507)	2,750	(1,590)	1,160
Profit	583	(1,254)	454	1,805	1,249	390	(999)	2,228	-	2,228
2012										
Net interest income	4,748	(20)	851	4,178	4,288	1,551	(473)	15,122	(648)	14,474
Operating profit/(loss) before tax	1,652	(5,705)	508	2,229	2,271	619	(826)	749	834	1,582
Profit	1,162	(4,044)	404	1,689	1,199	443	823	1,676	-	1,676

(*) Includes adjustments due to the Garanti Group being accounted for using the equity method and other inter-areas adjustments

Spain

The Spain operating segment includes all of BBVA's banking and non-banking businesses in Spain, other than those included in the Corporate Centre area. The main business units included in this operating segment are:

- Spanish Retail Network:** including the segments of individual customers, private banking, small companies and businesses in the domestic market;
- Corporate and Business Banking (CBB):** which manages small and medium sized enterprises (SMEs), companies and corporations, public institutions and developer segments;
- Corporate and Investment Banking (C&IB):** responsible for business with large corporations and multinational groups and the trading floor and distribution business in Spain; and
- Other units:** which include the insurance business unit in Spain (BBVA Seguros), and the Asset Management unit, which manages Spanish mutual funds and pension funds. In addition, it includes certain portfolios, finance and structural euro balance sheet positions as described above.

In addition, it also includes the portfolios, finance and structural interest-rate positions of the Group's euro balance sheet.

The following table sets forth information relating to the activity of this operating segment for the years ended 31 December 2013 and 2012:

	As of 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
Total Assets	315,561	345,362
Performing loans and advances to customers	165,813	184,697
Customer deposits under management (*)	147,782	133,802
Mutual funds	22,298	19,116
Pension funds	20,428	18,577
Efficiency ratio (%)	49.5	43.3
NPA Ratio (%)	6.4	4.1
NPA Coverage Ratio (%)	41	48
Risk premium (%)	1.36	0.95

(*) Excluding repos. Including promissory notes sold by the retail network and collection accounts.

Performing loans and advances to customers of this operating segment as of 31 December 2013 amounted to €165,813 million, a 10.2 per cent. decrease from the €184,697 million recorded as of 31 December 2012.

Customer deposits of this operating segment as of 31 December 2013 amounted to €147,782 million, a 10.4 per cent. increase from the €133,802 million recorded as of 31 December 2012, mainly due to the growth of time deposits (18.9 per cent. year-on-year).

Mutual funds of this operating segment as of 31 December 2013 amounted to €22,298 million, a 16.6 per cent. increase from the €19,116 million recorded as of 31 December 2012.

Pension funds of this operating segment as of 31 December 2013 amounted to €20,428 million, a 10.0 per cent. increase from the €18,577 million recorded as of 31 December 2012.

This operating segment's non-performing assets ratio increased to 6.4 per cent. as of 31 December 2013 from 4.1 per cent. as of 31 December 2012, mainly due to the declining lending volumes and the impact of the classification of refinanced loans made in the third quarter of 2013. This operating segment's non-performing assets coverage ratio decreased to 41 per cent. as of 31 December 2013, from 48 per cent. as of 31 December 2012.

Real Estate Activity in Spain

This operating segment has been set up with the aim of providing specialised and structured management of the real estate assets accumulated by the Group as a result of the economic crisis in Spain. It includes primarily lending to real estate developers and foreclosed real estate assets.

The exposure to the real-estate sector in Spain is declining. As of 31 December 2013, the balance stood at €14,570 million, 6.5 per cent. below the figure as of 31 December 2012. In 2013 there was an increase in the balance of non-performing developer loans, basically due to the application of the classification of refinanced loans in the third quarter. In fact, a significant percentage of the volume of loans reclassified as non-performing as a result of this classification corresponds to customers who are currently up-to-date with their payments. Within the exposure to the Spanish real-estate sector, property securing mortgage loans to private individuals has increased year-on-year by 14.6 per cent. This rise is closely linked to the increase in gross additions to non-performing assets (NPAs) in this mortgage portfolio during 2008 and 2009.

As of 31 December 2013, the Group's coverage of non-performing and substandard loans was 51 per cent. and overall coverage of real-estate exposure was 45 per cent. In the latter part of 2013, sales of owned real-estate assets accelerated and 21,383 units were sold during 2013.

Eurasia

This operating segment covers the business carried out in the rest of Europe and Asia, i.e., the retail and wholesale businesses of the Group in such geographic areas. It also includes BBVA's stakes in the Turkish bank Garanti and the Chinese banks CNCB and CIFIH.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31 December 2013 and 2012:

	As of 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
Total Assets	41,223	48,324
Performing loans and advances to customers ⁽¹⁾	27,505	27,256
Customer deposits under management ^{(1) (2)}	16,475	14,626
Mutual funds	1,332	1,408
Pension funds	634	608
Efficiency ratio (%)	42.6	46.8
NPA Ratio (%)	3.4	2.8
NPA Coverage Ratio (%)	87	87
Risk premium (%)	1.11	0.97

(1) At constant exchange rates

(2) Excludes repos

Performing loans and advances to customers of this operating segment as of 31 December 2013 amounted to €27,505 million, a 0.9 per cent. increase from the €27,256 million recorded as of 31 December 2012, at constant exchange rates.

Customer deposits of this operating segment as of 31 December 2013 amounted to €16,475 million, a 12.6 per cent. increase from the €14,626 million recorded as of 31 December, 2012, at constant exchange rates, mainly due to an increase in retail business and wholesale banking customers.

Mutual funds of this operating segment as of 31 December 2013 amounted to €1,332 million, a 5.4 per cent. decrease from the €1,408 million recorded as of 31 December 2012.

Pension funds of this operating segment as of 31 December 2013 amounted to €634 million, a 4.3 per cent. increase from the €608 million recorded as of 31 December 2012.

This operating segment's non-performing assets ratio increased to 3.4 per cent. as of 31 December 2013, from 2.8 per cent. as of 31 December 2012. This operating segment non-performing assets coverage ratio was 87 per cent. as of 31 December 2012 and 2013.

Mexico

The Mexico operating segment comprises the banking and insurance businesses conducted in Mexico by the BBVA Bancomer financial group. The following table sets forth information relating to the business activity of this operating segment for the years ended 31 December 2013 and 2012:

	As of 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
Total Assets	82,171	81,723
Performing loans and advances to customers ⁽¹⁾	38,678	35,217
Customer deposits under management ^{(1) (2)}	40,809	38,417
Mutual funds	16,896	17,492
Efficiency ratio (%)	37.7	37.6
NPA Ratio (%)	3.6	3.8
NPA Coverage Ratio (%)	110	114

	As of 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
Risk premium (%)	3.57	3.48
(1) At constant exchange rates		
(2) Includes repos		

Performing loans and advances to customers of this operating segment as of 31 December, 2013 amounted to €38,678 million, a 9.8 per cent. increase from the €35,217 million recorded as of 31 December 2012, at constant exchange rates, mainly due to the increase in financing to medium-sized enterprises.

Customer deposits of this operating segment as of 31 December 2013 amounted to €40,809 million, a 6.2 per cent. increase from the €38,417 million recorded as of 31 December 2012 at constant exchange rates.

Mutual funds of this operating segment as of 31 December 2013 amounted to €16,896 million, a 3.4 per cent. decrease from the €17,492 million recorded as of 31 December 2012.

This operating segment's non-performing assets ratio decreased to 3.6 per cent. as of 31 December 2013, from 3.8 per cent. as of 31 December 2012. This operating segment's non-performing assets coverage ratio decreased to 110 per cent. as of 31 December 2013, from 114 per cent. as of 31 December 2012.

South America

The South America operating segment manages the BBVA Group's banking and insurance businesses in the region.

The business units included in the South America operating segment are:

- ***Retail and Corporate Banking***: includes banks in Argentina, Chile, Colombia, Panama, Paraguay, Peru, Uruguay and Venezuela.
- ***Insurance businesses***: includes insurance businesses in Argentina, Chile, Colombia, and Venezuela.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31 December 2012 and 2011:

	As of 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
Total Assets	78,141	77,474
Performing loans and advances to customers ⁽¹⁾	47,753	39,241
Customer deposits under management ⁽¹⁾⁽²⁾	58,881	45,306
Mutual funds	2,952	3,355
Pension funds	3,600	3,081
Efficiency ratio (%)	42.4	42.8
NPA Ratio (%)	2.1	2.1
NPA Coverage Ratio (%)	141	146
Risk premium (%)	1.49	1.34

(1) At constant exchange rates

(2) Excluding repos and including specific marketable debt securities

Performing loans and advances to customers of this operating segment as of 31 December 2013 amounted to €47,753 million, a 21.7 per cent. increase from the €39,241 million recorded as of 31 December 2012, at constant exchange rates, mainly due to an increase in credit card lending, customer finance and to a lesser extent mortgage lending.

Customer deposits of this operating segment as of 31 December 2013 amounted to €58,881 million, a 30.0 per cent. increase from the €45,306 million recorded as of 31 December 2012, at constant exchange rates, mainly due to an increase in current and saving accounts.

Mutual funds of this operating segment as of 31 December 2013 amounted to €2,952 million, a 12.0 per cent. decrease from the €3,355 million recorded as of 31 December 2012.

Pension funds of this operating segment as of 31 December 2013 amounted to €3,600 million, a 16.8 per cent. increase from the €3,081 million recorded as of 31 December 2012.

This operating segment's non-performing assets ratio increased 2.1 per cent. as of 31 December 2013 as compared to 31 December 2012. This operating segment's non-performing assets coverage ratio decreased to 141 per cent. as of 31 December 2013, from 146 per cent. as of 31 December 2012.

United States

This operating segment encompasses the Group's business in the United States. BBVA Compass accounted for approximately 95 per cent. of the area's balance sheet as of 31 December 2013. Given its weight, most of the comments below refer to BBVA Compass. This operating segment also covers the assets and liabilities of the BBVA office in New York, which specialises in transactions with large corporations.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31 December 2013 and 2012:

	As of 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(in millions of euros)</i>	
Total Assets	53,042	53,892
Performing loans and advances to customers ⁽¹⁾	39,272	35,886
Customer deposits under management ⁽¹⁾⁽²⁾	38,448	36,088
Efficiency ratio (%)	70.2	67.1
NPA Ratio (%)	1.2	2.4
NPA Coverage Ratio (%)	138	90
Risk premium (%)	0.21	0.19

(1) At constant exchange rates

(2) Excludes repos

Performing loans and advances to customers of this operating segment as of 31 December 2013 amounted to €39,272 million, a 9.4 per cent. increase from the €35,886 million recorded as of 31 December 2012, at constant exchange rates, as a result of growth in all of the Guarantor's portfolios. Year-on-year comparisons reflected a 14.7 per cent. increase in lending to corporates, a 10.1 per cent. increase in residential mortgages and a 5.9 per cent. increase in customer loans.

Customer deposits of this operating segment as of 31 December 2013 amounted to €38,448 million, a 6.5 per cent. increase from the €36,088 million recorded as of 31 December 2012, at constant exchange rates, mainly due to an increase in current and saving accounts.

This operating segment's non-performing assets ratio decreased to 1.2 per cent. as of 31 December 2013, from 2.4 per cent. as of 31 December 2012. This operating segment's non-performing assets coverage ratio increased to 138 per cent. as of 31 December 2013, from 90 per cent. as of 31 December 2012.

Selected Financial Data

The historical financial information set forth below has been selected from, and should be read together with, the Consolidated Financial Statements, which are incorporated by reference herein.

Consolidated statement of income data

	Year ended 31 December	
	2013	2012
	<i>(in millions of euro)</i>	
Consolidated Statement of Income data		
Net interest income	13,900	14,474
Profit	2,981	2,327
Profit attributable to parent company	2,228	1,676

Consolidated balance sheet data

	As at 31 December	
	2013	2012
	<i>(in millions of euro)</i>	
Consolidated balance sheet data		
Total assets	582,575	621,072
Loans and receivables (net)	350,945	371,347
Customer deposits	300,490	282,795
Debt certificates and subordinated liabilities	74,676	98,070
Non-controlling interest	2,371	2,372
Total equity	44,850	43,802

Recent Developments

Spanish Supreme Court decision regarding “floor” clauses in mortgage loans

On 9 May 2013 the Supreme Court of Spain issued a decision regarding the legality of “floor” clauses in mortgage loans to consumers by various financial entities (including BBVA) which limit any decrease in variable interest rates on such loans. The Supreme Court concluded that:

- as a general principle, floor clauses of this nature may be effective but where included in general terms and conditions of certain consumer loan agreements, the Supreme Court imposed specific transparency requirements before this would be the case. The mortgage loan agreements of BBVA were included in those considered by the Supreme Court not to have disclosed the floor arrangements with sufficient transparency;
- BBVA and the other financial entities party to this process must cease to apply such floor clauses under any loan agreements already in place, which will survive in all other terms, and must cease to use such floor clauses in future consumer loan agreements; and
- there was to be no retroactive application of the Supreme Court's decision to any position previously settled by a final judicial decision or payments already made at the time the decision was published.

In accordance with this decision of the Supreme Court, BBVA ceased to apply such floor clauses to consumer mortgage loans with effect from 9 May 2013, although it reserves its right to possible appeals.

BOARD OF DIRECTORS

BBVA is managed by a Board of Directors which, in accordance with its current by-laws (*estatutos*), must consist of no less than five and no more than fifteen members. All members of the Board of Directors are elected to serve three-year terms. BBVA's Board Regulations state that the Board of Directors must try to ensure that it is comprised of a majority of external directors.

BBVA's corporate governance system is based on the distribution of functions between the Board of Directors, the Executive Committee and other specialised Board Committees, namely: the Audit and Compliance Committee; the Appointments Committee; the Compensation Committee; and the Risk Committee. BBVA's Board of Directors is assisted in fulfilling its responsibilities by the Executive Committee (*Comisión Delegada Permanente*) of the Board of

Directors. The Board of Directors delegates all management functions, except those that it must retain due to legal or statutory requirements, to the Executive Committee.

As of the date of this Offering Circular, the Board of Directors of BBVA is comprised of 14 members. The business address of the Directors of BBVA is Paseo de la Castellana 81, 28046 Madrid.

The following table sets forth the names of the members of the Board of Directors as of the date of this Offering Circular, their date of appointment and re-election, if applicable, their current positions and their present principal outside occupation and five-year employment history.

BBVA may, from time to time, enter into transactions in the ordinary course of its business, and on an arm's length basis, with the Directors.

BBVA's Board Regulations include rules which are designed to prevent situations where a potential conflict of interest may arise. These Regulations provide, among other matters, that Directors with a potential conflict of interest may not participate in meetings at which those situations are being considered. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the Directors and their duties to BBVA.

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Five-Year Employment History^(*)
Francisco González Rodríguez ⁽¹⁾	Chairman and Chief Executive Officer	28 January 2000	15 March 2013	Chairman and CEO of BBVA, since January 2000; Director of Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer.
Ángel Cano Fernández ⁽¹⁾	President and Chief Operating Officer	29 September 2009	15 March 2013	President and Chief Operating Officer of BBVA, since September 2009. Director of Grupo Financiero BBVA Bancomer S.A. de C.V., BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer and Türkiye Garanti Bankası A.Ş. BBVA Director of Resources and Means from 2005 to 2009.
Tomás Alfaro Drake ⁽²⁾⁽³⁾	Independent Director	18 March 2006	11 March 2011	Chairman of the Appointments Committee of BBVA since 25 May 2010. Director of Internal Development and Professor in the Finance department of Universidad Francisco de Vitoria.
Juan Carlos Álvarez Mezquíz ⁽¹⁾⁽³⁾	Independent Director	28 January 2000	11 March 2011	Managing Director of Grupo El Enebro, S.A. Former Manager Director of Grupo Eulen, S.A. until 2010.
Ramón Bustamante y de la Mora ⁽²⁾⁽⁵⁾	Independent Director	28 January 2000	15 March 2013	Was Director and General Manager and Non-Executive Vice-President of Argentaria and Chairman of Unitaria (1997).
José Antonio Fernández Rivero ⁽³⁾⁽⁵⁾	Independent Director	28 February 2004	16 March 2012	Chairman of Risk Committee since 30 March 2004; in 2001 was appointed Group General Manager until January 2003. Has been the director representing BBVA on the Boards of Telefónica, Iberdrola, and of Banco de Crédito Local, and Chairman of Adquira.
Ignacio Ferrero Jordi ⁽¹⁾⁽⁴⁾	Independent Director	28 January 2000	15 March 2013	Chief Operating Officer of Nutrexpa, S.L., Chairman and Chief Operating Officer of La Piara S.A. and Chairman

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Five-Year Employment History^(*)
Belén Garijo López ⁽²⁾	Independent Director	16 March 2012	Not applicable	of Aneto Natural. Chair of the International Executive Committee of PhRMA, ISEC (Pharmaceutical Research and Manufacturers of America), Chief Operating Officer from 2011 to October 2013 and President and CEO since October 2013 of Merck Serono.
José Manuel González-Páramo Martínez-Murillo	Executive Director	29 May 2013	Not applicable	Executive Director of BBVA since 29 May 2013. Member of the European Central Bank (ECB) Governing Council and Executive Committee from 2004 to 2012. Chairman of European DataWarehouse GmbH since 2013. Head of BBVA Global Economics, Regulation and Public Affairs.
Carlos Loring Martínez de Irujo ⁽²⁾⁽⁴⁾	Independent Director	28 February 2004	11 March 2011	Chairman of Compensation Committee of BBVA since May 2010 (former Chairman of the Appointments and Compensation Committee). Was Partner of J&A Garrigues, from 1977 to 2004.
José Maldonado Ramos ⁽¹⁾⁽³⁾⁽⁴⁾	External Director	28 January 2000	16 March 2012	Was appointed Director and General Secretary of BBVA in January 2000. Took early retirement as Bank executive in December 2009.
José Luis Palao García-Suelto ⁽²⁾⁽⁵⁾	Independent Director	1 February 2011	11 March 2011	Chairman of the Audit and Compliance Committee of BBVA since 29 March 2011. Senior Partner of the Financial Division in Spain of Arthur Andersen, from 1979 until 2002. Independent Consultant from 2002 to 2010.
Juan Pi Llorens ⁽⁴⁾⁽⁵⁾	Independent Director	27 July 2011	16 March 2012	Had a professional career at IBM holding various senior posts at a national and international level including Vice President for Sales at IBM Europe, Vice President of Technology & Systems at IBM Europe and Vice President of the Finance department at GMU (Growth Markets Units) in China. He was executive chairman of IBM Spain.
Susana Rodríguez Vidarte ⁽¹⁾⁽³⁾⁽⁴⁾	Independent Director	28 May 2002	11 March 2011	Full-time professor of Strategy at the School of Economics and Business Studies at Universidad de Deusto. Member of the Instituto de Contabilidad y Auditoría de Cuentas (Accountants and Auditors Institute) and PhD degree from Universidad de Deusto.

(*) Where no date is provided, positions are held as at the date of this Offering Circular.

- (1) Member of the Executive Committee
- (2) Member of the Audit and Compliance Committee
- (3) Member of the Appointments Committee
- (4) Member of the Compensation Committee
- (5) Member of the Risk Committee

MAJOR SHAREHOLDERS AND SHARE CAPITAL

As of 4 February 2014, no person, corporation or government beneficially owned, directly or indirectly, 5 per cent. or more of BBVA's shares. BBVA's major shareholders do not have voting rights which are different from those held by the rest of its shareholders. To the extent known to BBVA, BBVA is not controlled, directly or indirectly, by any other corporation, government or any other natural or legal person. As of 4 February 2014, there were 970,542 registered holders of BBVA's shares, with an aggregate of 5,785,954,443 shares, of which 465 shareholders with registered addresses in the United States held a total of 1,623,872,944 shares (including shares represented by American Depositary Receipts ("ADRs")). Since certain of such shares and ADRs are held by nominees, the foregoing figures are not representative of the number of beneficial holders.

LEGAL PROCEEDINGS

The Group is party to certain legal actions in a number of jurisdictions including, among others, Spain, Mexico and the United States, arising in the ordinary course of business. BBVA considers that none of such actions is material, individually or in the aggregate, and none of such actions is expected to result in a material adverse effect on the Group's financial position, results of operations or liquidity, either individually or in the aggregate. Management believes that adequate provisions have been made in respect of the actions arising in the ordinary course of business. BBVA has not disclosed to the markets any contingent liability that could arise from said legal actions as it does not consider them material.

TAXATION

General

Transactions involving Warrants including the purchase, ownership, disposition and exercise of Warrants may have tax consequences for potential purchasers which may depend, amongst other things, upon the conditions applicable to the particular issue of Warrants, the status and circumstances of the potential purchaser and the applicable law and practice of taxation authorities in relevant jurisdictions.

POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION IN RESPECT OF ANY ASPECT OF TRANSACTIONS INVOLVING WARRANTS OR THE OWNERSHIP OF WARRANTS SHOULD CONSULT THEIR OWN TAX ADVISERS

Potential purchasers of Warrants should note that they may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase or other relevant jurisdictions, depending upon the circumstances, in addition to the issue price of each Security.

Each potential purchaser of Warrants should carefully consider General Condition 6 (*Taxation*)

The following comments are of a general nature. They do not constitute legal or tax advice; they are not exhaustive and should be treated with appropriate caution.

Preliminary consideration: Tax residence of the Issuer

The Issuer is incorporated as a private company with limited liability under the laws of the Netherlands. On the basis of section 2 subsection 4 Dutch Corporate Income Tax Act 1969, a company which is incorporated under Dutch law, is considered to be resident of the Netherlands for Dutch domestic tax purposes. This notwithstanding, the effective management of the company is currently carried out from Spain, since the key management and commercial decisions that are necessary to conduct the entity's business are taken from Spain. On the basis of such circumstance, the Issuer is also regarded as resident in Spain for tax purposes, as provided by Royal Legislative Decree 4/2004, of 5 March 2004, approving the consolidated text of the Corporate Income Tax Law (*Impuesto sobre Sociedades*).

Under this scenario in which the Issuer is resident for tax purposes both in Spain and in the Netherlands, the provisions contained in the Convention between The Netherlands and Spain for the Avoidance of Double Taxation with respect to Taxes on Income and on Net Wealth (the "**Convention**") apply. The Convention was ratified by Instrument made in Madrid on 16 June 1971 and was published on the Spanish National Gazette on 16 October 1972.

Pursuant to section 4 of the Convention (which deals with the general criteria followed by the Convention to consider a person as a resident of a Contracting State), an entity which is a resident of both Spain and the Netherlands is considered to be a resident of the State in which the place of its effective management is located (i.e., Spain).

Responsibility for Withholding

Payments in respect of Warrants will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax. However, if the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law in case B as defined in "Spanish Taxation" of Section "Taxation", the Issuer or, as the case may be, the Guarantor will (subject to certain exceptions described in General Conditions 6) pay such additional amounts as will result in the holders of Warrants receiving such amounts as they would have received in respect of such Warrants had no such withholding or deduction been required.

Spanish Taxation

The provisions of sub-section (A) below shall apply to a Series of Warrants if Condition 6(b) is specified as being applicable in the Final Terms in respect of such Series:

(A) The acquisition of the Warrants is exempt from transfer tax, stamp duty and value added tax in accordance with Article 108 of the Law 24/1988, of 28 de Julio, of the Securities Market, as amended and restated (the "**Securities Market Law**"), and related legislation.

1. Spanish resident individuals

(a) Personal Income Tax

In the case of holders who are personal income tax ("**Personal Income Tax**") taxpayers, the tax regime applicable to income deriving from the Warrants is regulated in Law 35/2006, of 28

November on Personal Income Tax ("**Law 35/2006**") and in Royal Decree 439/2007, of 30 March approving the Personal Income Tax regulations.

In relation to the income deriving from the Warrants, the Issuer is of the opinion that an issue of Warrants will not represent the obtaining and use of third party capital and, therefore will not be a source of income obtained from the transfer of own capital to third parties as defined in Article 25.2 of Law 35/2006.

The price paid for the subscription of a Warrant or its acquisition in a secondary market will be treated as its acquisition value.

Income deriving from the transfer of the Warrant will qualify as a capital gain or loss. The amount will be determined as the difference between the acquisition value (including related taxes and expenses) of the relevant Warrant and the transfer price (net from any taxes and expenses related to the transfer provided that they have been paid by the transferor) of such Warrant.

If the Warrant is exercised, the income obtained, calculated as the difference between the amount received and the acquisition value of the Warrant, will be treated as a capital gain and should be included:

- In the savings income (*base del ahorro*) if the period of generation* is higher than a year, and taxable, for the current year, at the rate of 21% on any income up to EUR 6,000, 25% from EUR 6.000,01 to 24.000; and 27% over EUR 24.000. If the exercise of a Warrant results in the delivery of shares, no taxation would result for the investor.
- In the General Taxable Base if the period of generation is equal or less than a year, and taxable at the general tax rate of the taxpayer.

If the Warrant is not exercised at maturity, the investor will obtain a capital loss calculated as the acquisition value of the Warrant.

Capital loss obtained whose period of generation is higher than a year may be offset against any capital gain obtained during the tax period included in the Saving Income Base. The excess, if any, may be offset against the positive amount of the capital gains or losses derived from the transfer of assets within the following four years.

Capital loss obtained whose period of generation is equal or less than a year may be offset against any capital gain obtained during the tax period included in the General Taxable Base. The excess, if any, may be offset against the other incomes included in such Base with a limit of 10%. The excess, if any, may be offset in the same order within the following four years.

Any capital loss obtained from the Warrants would not be offsettable if the investor acquires homogeneous securities within the two months period after or before the transfer of the Warrant.

Income deriving from the Warrants will not be subject to any withholding or deduction for or on account of Spanish taxes.

* Period of generation must be understood as the period between the date of the acquisition and the date of the transmission of the asset.

(b) **Wealth Tax**

Individuals with tax residency in Spain are subject to Wealth Tax on tax years 2011, 2012 and 2013 to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Warrants which they hold as at 31 December in each of the years 2011, 2012 and 2013 the applicable rates ranging between 0.2% and 2.5%.

(c) **Inheritance and Gift Tax**

Individuals with tax residence in Spain who acquire ownership or other rights over the Warrants by inheritance, gift or legacy will be subject to Inheritance and Gift Tax in accordance with the applicable regional or State rules.

2. **Spanish resident legal entities**

(a) **Corporate Income Tax**

In the case of Warrantholders subject to corporate income tax ("**Corporate Income Tax**"), the applicable tax regime is governed by Royal Legislative Decree 4/2004, of 5 March approving the

consolidated text of the Corporate Income Tax Law and in Royal Decree 1777/2004, of 30 July approving the Corporate Income Tax regulations.

The price paid for the acquisition of a Warrant will not have the condition of a tax-deductible expense and will be treated as the acquisition value of the relevant Warrant. Likewise, the price paid for a Warrant in the secondary market will be treated as its acquisition value.

If the Warrant is transferred, the accounting result deriving from such transfer, computed as the difference between the acquisition value (net of any provision) and the transfer price will be treated as income subject to Corporate Income Tax in accordance with the general rules.

If the Warrant is exercised, the income obtained, calculated as the difference between the amount received and the acquisition value of the Warrant, will be treated as taxable income and taxed at the applicable rates (the standard being 30%). If the exercise of a Warrant results in the delivery of shares, no taxation would result for the investor.

If the Warrant is not exercised at maturity, the investor will obtain a negative income calculated as the acquisition value of the Warrant.

Income deriving from the Warrants will not be subject to any withholding or deduction for or on account of Spanish taxes.

(b) **Wealth Tax**

Legal entities are not subject to Wealth Tax.

(c) **Inheritance and Gift Tax**

Legal entities with tax residence in Spain which acquire ownership or other rights over the Warrants by inheritance, gift or legacy are not subject to Inheritance and Gift Tax and must include the market value of the Warrants in their taxable income for Corporate Income Tax purposes.

3. **Non Spanish resident investors**

(a) **Non-Residents Income Tax**

In case of Warrantholders subject to non residents income tax ("**Non Residents Income Tax**"), the applicable tax regime is governed by Royal Legislative Decree 5/2004, of 5 March approving the consolidated text of the Non Residents Income Tax Law and in Royal Decree 1776/2004, of 30 July approving the Non Residents Income Tax regulations.

- (i) *Investors not operating through a permanent establishment in Spain*: The price paid for the subscription of the Warrant or its acquisition in a secondary market will be considered as its acquisition value.

Income deriving from the transfer of the Warrant will qualify as a capital gain or loss. The amount will be determined as the difference between the acquisition value (including related taxes and expenses) of the relevant Warrant and the transfer price (net from any taxes and expenses related to the transfer provided that they have been paid by the transferor) of such Warrant.

If the Warrant is exercised, the income obtained, calculated as the difference between the amount received and the acquisition value of the Warrant, will be treated as a capital gain. If the exercise of a Warrant results in the delivery of shares, no taxation would result for the investor.

As a general rule, any capital gain will be taxable at the general rate of 21% for this current year. However, if the investor is resident in a country with which Spain has signed a double tax treaty containing an exchange of information clause, income deriving from the transfer or exercise of the Warrant carried out in any of the Spanish official secondary stock markets will be exempt from taxation in Spain subject to the relevant formalities.

Moreover, if an investor is resident in a Member State of the European Union not qualified as a tax haven for Spanish tax purposes (as defined in Royal Decree 1080/1991, of 5 July) and does not obtain the income through a permanent establishment located in Spain, the capital gain obtained from the transfer or exercise of the Warrant will be exempt from taxation in Spain.

- (ii) *Investors operating through a permanent establishment in Spain:* In the case of a non-resident investor operating through a permanent establishment in Spain, the income will be subject to Non Residents Income Tax in accordance with Corporate Income Tax rules.

In both cases 3(a)(i) and 3(a)(ii) above, income deriving from the Warrants will not be subject to any withholding or deduction for or on account of Spanish taxes.

(b) **Wealth Tax**

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2% and 2.5%.

Non-Spanish resident legal entities are not subject to Wealth Tax.

(c) **Inheritance and Gift Tax**

Individuals who do not have tax residence in Spain and who acquire ownership or other rights over the Warrants by inheritance, gift or legacy will be subject to Inheritance and Gift Tax in accordance with the applicable regional or State rules to the extent that the Warrants are located in Spain or the rights deriving from them can be exercised in Spanish territory.

Individuals who are resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will generally not be subject to inheritance and gift tax.

Non resident legal entities which acquire ownership or other rights over the Warrants by inheritance, gift or legacy are not subject to Inheritance and Gift Tax but to Non Residents Income Tax.

4. **Payments made by the Guarantor**

The payment of any Cash Settlement Amount and/or the delivery of any Entitlement by the Guarantor under the Guarantee may be made or delivered free and clear of withholding or deduction on account of Spanish taxes either (i) if such distribution is characterised as an indemnity under Spanish law or (ii) if the Spanish Tax Authorities take the view that the Guarantor has effectively assumed the obligations of the Issuer under the Warrants (whether contractually or by any other means) since distributions by the Guarantor would then be subject to the same tax rules as described above in relation to distributions by the Issuer.

THE ABOVEMENTIONED TAXATION CONSIDERATIONS SHALL BE APPLICABLE UNLESS, ACCORDING TO CERTAIN CRITERIA ISSUED BY THE SPANISH TAX AUTHORITIES, A PARTICULAR WARRANT CAN NOT BE CONSIDERED AS AN OPTION FOR SPANISH TAX PURPOSES BUT AS A FINANCIAL ASSET. SHOULD THIS BE THE CASE, ANY GAIN OR LOSS DERIVING FROM THE WARRANT WILL QUALIFY AS INCOME OBTAINED FROM THE USE OF THIRD PARTY CAPITAL RATHER THAN A CAPITAL GAIN OR LOSS. DUE TO THE RESTRICTIONS OF SUBSCRIPTION AND SALE OF THE WARRANTS (as defined under “Subscription and Sale – Spain”), THIS KIND OF WARRANTS COULD BE VALID ONLY FOR NON RESIDENT WARRANTHOLDERS. IN THIS CASE, THE SPANISH TAXATION APPLICABLE SHALL BE PARAGRAPH (B) BELOW AND THIS WILL BE SPECIFIED IN THE FINAL TERMS.

(B) Alternative Spanish Tax Treatment

The provisions of this sub-section (B) shall apply to a Series of Warrants if Condition 6(c) is specified as being applicable in the Final Terms in respect of such Series:

Acquisition of the Warrants

The issue of, subscription for, transfer and acquisition of the Warrants is exempt from Transfer and Stamp Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and Value Added Tax (*Impuesto sobre el Valor Añadido*).

Taxation on the income and transfer of the Warrants

The tax treatment of the acquisition, holding and subsequent transfer of the Warrants is summarised below and is based on the tax regime applicable to the Warrants pursuant to Royal Legislative Decree 5/2004 of 5 March 2004 approving the consolidated text of the Non-Resident Income Tax Law (*Impuesto sobre la Renta de los no Residentes*). Consideration has also been given to the rules for the implementation of such regulation (basically Royal Decree 1776/2004 of 30 July 2004 approving the Non-Resident Income Tax Regulations).

Consideration has also been given to Spanish legislation on the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary (Additional Provision Two of Law 13/1985 of 25 May 1985 on investment ratios, own funds and information obligations of financial intermediaries, as amended; and Royal Decree 1065/2007 of 27 July 2007 (as amended by RD 1145/2011) approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes.

Income obtained by Warrantholders who are Non-Resident Income Tax payers, both on interest and in connection with the transfer, repayment or settlement of the Warrants, whether or not through a permanent establishment, shall be considered Spanish source income and therefore subject to taxation in Spain under Legislative Royal Decree 5/2004 of 5 March 2004 approving the Consolidated Non-Resident Income Tax Law, without prejudice to the provisions contained in any applicable tax treaty for the avoidance of double taxation (“DTT”).

Income obtained through a permanent establishment in Spain in respect of the Warrants

The holding of Warrants by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

Income obtained by Non Spanish resident holders acting through a permanent establishment in Spain in respect of the Warrants will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax Law. These Warrantholders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, it shall be computed as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed at the current rate of 30%. The aforesaid income shall not be subject to withholding tax.

Income not obtained through a permanent establishment in Spain in respect of the Warrants

Income obtained by Warrantholders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from such Non-Resident Income Tax according to Additional Provision Two of Law 13/1985 of 25 May.

Tax rules for payments made by the Guarantor

Payments which may be made by the Guarantor to Warrantholders, if the Guarantee is enforced, will be subject to the same tax rules previously set out for payments made by the Issuer.

Tax Reporting Obligations of the Issuer and the Guarantor

Royal Decree 1145/2011 modified, among others, article 44 of Royal Decree 1065/2007 of 27 July, which sets out the reporting obligations applicable to preference shares and debt instruments issued under Additional Provision Two of Law 13/1985 of 25 May. The new procedures apply to interest deriving from preference shares and debt instruments to which Additional Provision Two of Law 13/1985 of 25 May refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Royal Decree 1145/2011, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, that are recognized by Spanish law or by the law of another OECD country (such as Euroclear or Clearstream), will be paid free of Spanish withholding tax provided that the paying agent appointed by the issuer submits an statement to the issuer, in accordance with the form attached as annex to RD 1145/2011, with the following information:

- (i) identification of the securities; and
- (ii) total amount of the income corresponding to each clearing house located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house.

The statement mentioned above must be dated the business day immediately before the date on which the interest is payable or, in the case of securities issued at a discount, the business day immediately before the settlement date of such securities. The statements must reflect the situation at the close of business on the business day immediately before the date on which the interest is payable.

In the case of payments made in respect of the Warrants, the failure to submit the relevant statement will result in the issuer or its authorized paying agent being liable to make the corresponding payment net of the applicable Spanish withholding tax (this is currently at the rate of 21%). In such circumstances, neither the Issuer nor the Guarantor will be required to pay additional amounts in respect of such withholding tax. The Warrant Agreement in respect of the Warrants contains provisions for the principal paying agent to provide the relevant information to the Issuer in due course.

Notwithstanding the above, if on or before the 10th day of the month following the month in which the payment is made, the relevant entity submits the statement, the issuer or its authorized paying agent will refund the amount withheld in excess, as soon as it receives the statement.

Please note that this is for general information purposes only and is not intended to be nor shall it be deemed to be, or constitute legal advice.

None of the Issuer, the Guarantor, the Dealer(s), the Paying Agent, and/or the European Clearing Systems assumes any responsibility therefore.

Refund by the Spanish tax authorities

Warrantholders who might otherwise have been entitled to a gross payment but in respect of whom the Principal Paying Agent does not provided with the relevant Annex on or before the 10th calendar day of the month that follows the month in which the interest is payable may seek a refund of Spanish tax withheld directly from the Spanish tax authorities.

Dutch Taxation

The following describes the principal Dutch tax consequences of the holding, exchange and disposal of the Warrants. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a decision to purchase, to hold, and to dispose of the Warrants. Each prospective holder of Warrants should consult a professional adviser with respect to the tax consequences of an investment in the Warrants. The discussion of certain Dutch taxes set forth below is included for general information purposes only.

This summary is based on the Dutch tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Base Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

Tax position of the Issuer

Under the Convention, the Issuer is considered to be resident of Spain for tax purposes and therefore the Netherlands should refrain from levying corporate income tax on profits generated by the Issuer, except if and to the extent such profits are allocable to a Dutch permanent establishment or permanent representative of the Issuer.

Withholding tax

All payments made by the Issuer under a Warrant may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

A holder of the Warrants (the "**Warrantholder**") who derives income from a Warrant or who realises a gain from the disposal or settlement of a Warrant will not be subject to Dutch taxation on such income or gain, provided that:

- (a) the Warrantholder is neither resident nor deemed to be resident of the Netherlands for Dutch tax purposes and, if the Warrantholder is an individual, has not elected to be treated as a resident of the Netherlands for the purpose of the relevant Dutch tax law provisions;
- (b) the Warrantholder does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of that enterprise, as the case may be, the Warrants are attributable;
- (c) the Warrantholder is not entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities and to which enterprise the Warrants are attributable;
- (d) the Warrantholder does not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer as defined in the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*); and
- (e) if the Warrantholder is an individual, the Warrantholder does not derive benefits from the Warrants that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*) as defined in the Dutch Income Tax Act 2001, which include, but are not limited to, activities in respect of the Warrants which are beyond the scope of "regular active asset management" (*normaal actief vermogensbeheer*) or benefits which are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights which form a "lucrative interest" (*lucratief belang*). A

lucrative interest is an interest which the holder thereof has acquired under such circumstances that benefits arising from this lucrative interest are intended to be a remuneration for work or services performed by such holder (or a person related to such holder) in the Netherlands, whether within or outside an employment relationship, where such lucrative interest provides the holder thereof, economically, with certain benefits that have a relationship to the relevant work or services.

Under Dutch tax law a Warrantholder will not be deemed a resident, domiciled or carrying on a business in the Netherlands by reason only of its holding of the Warrants or the performance by the Issuer of its obligations under the Warrants.

Gift and Inheritance Taxes

No gift or inheritance taxes will arise in the Netherlands with respect to the acquisition of the Warrants by way of gift by, or on the death of, a Warrantholder, unless:

- (a) the Warrantholder is a resident or deemed to be resident of the Netherlands for the purpose of the relevant Dutch tax law provisions; or
- (b) in the case of a gift of the Warrants by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands.

For the purpose of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift or the date of his death, if he has been a resident of the Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift tax, an individual who does not have the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift, if he has been a resident of the Netherlands at any time during the twelve months preceding the date of the gift.

Value Added Tax

No Value Added Tax (*Omzetbelasting*) will arise in The Netherlands in respect of any payment in consideration for the issue of the Warrants or with respect to any payment by the Issuer in respect of the Warrants.

Other Taxes and Duties

No registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the issue of the Warrants.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Warrants and is a summary of the Issuer's understanding of current law and published HM Revenue and Customs ("HMRC") practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments in respect of the Warrants. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Warrants. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective Securityholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

1. Withholding on account of United Kingdom tax

Payments made on the exercise of Warrants may be made without deduction or withholding on account of United Kingdom income tax.

2. Taxation of Profits and Gains of United Kingdom resident individuals

Capital gains tax

Gains arising to an individual as a result of acquiring then exercising or otherwise disposing of a "qualifying option" are generally charged to tax under the capital gains tax rules in the Taxation of Chargeable Gains Act 1992 ("**TCGA 1992**"). Options which are listed on a recognised stock exchange at the time of disposal are qualifying options. The Warrants should satisfy this listing requirement if they are at the time of disposal included in the Official List (of the Irish Stock Exchange) and admitted to trading on its regulated market.

Provided, therefore, that the Warrants are options and remain so listed, an individual holding such a Warrant (a "**Qualifying Warrant**") should be charged to tax on any gain made on the disposal of the Qualifying Warrant under

the capital gains tax rules in TCGA 1992, described below. This means that such a Warrantholder should, on the disposal of a Qualifying Warrant, be entitled to make a tax-free gain in any tax year equal to the annual exempt amount (which is £10,900 for the tax year 2013-14), assuming the annual exemption has not been utilised in relation to another gain in the same year.

The base cost of a Qualifying Warrant for capital gains tax purposes will generally be calculated by reference to the amount paid for a Qualifying Warrant by a Warrantholder. Accordingly, on the disposal of a Qualifying Warrant by sale, a Warrantholder should, subject to the availability of the annual exempt amount (see above), be charged to capital gains tax on the chargeable gain arising on the disposal (calculated by comparing the amount received on disposal with the base cost).

In the case of a Physical Delivery Warrant, the acquisition of the Qualifying Warrant and the acquisition of a new asset on the exercise of such a Qualifying Warrant is treated as a single transaction for capital gains tax purposes, so that, the base cost of the new asset is calculated by reference to the amount paid for the Qualifying Warrant plus the amount paid for the new asset. The exercise of such a Qualifying Warrant is not treated as a disposal of the Warrant. Accordingly, no charge to capital gains tax will arise on the exercise of such a Qualifying Warrant. However, a disposal of the new asset acquired on the exercise of a Warrant may give rise to a charge to capital gains tax, if a gain arises on that disposal.

In the case of a Cash Settled Warrant, the exercise of the Qualifying Warrant will be treated as a disposal. The cash amount received on the exercise will be treated as the consideration for the disposal. The amount paid for a Qualifying Warrant will be treated as the base cost for the purposes of calculating any capital gain arising on the exercise of the Qualifying Warrant.

Warrants that are not Qualifying Warrants for example because they are not options for tax purposes may be taxed in a different way to Qualifying Warrants.

Disposals of futures and options involving guaranteed returns

Any Warrant which produces a return that is economically equivalent to interest would not be taxed in accordance with the rules described above. The return arising from such a Warrant would be charged to income tax under Chapter 2A of Part 4 of the Income Tax (Trading and Other Income) Act 2005, without the benefit of the annual exempt amount.

Individual Savings Accounts ("ISAs"), Self-invested Personal Pensions ("SIPPs") and Small Self-administered Schemes ("SSASs")

Warrants will not qualify for inclusion within an ISA.

The Warrants should generally be capable of being held within a SIPP or a SSAS that is a registered pension scheme. However, Warrantholders should obtain independent advice in relation to the tax treatment of Warrants held within such a SIPP or SSAS.

3. Taxation of Profits and Gains of United Kingdom resident companies

Part 7 of the Corporation Tax Act 2009 applies to "derivative contracts" of United Kingdom resident companies and of United Kingdom permanent establishments of non-UK resident companies. Subject to certain exceptions, where Part 7 applies to a contract, all income, profits and gains will generally be taxed on an income basis (whether they arise from acquiring, holding, disposing or exercising rights under the contract) consistently with the way those profits are recognised in accordance with United Kingdom generally accepted accounting practice or international financial reporting standards. Accordingly, any income, profit or gains in relation to Warrants which fall within the derivative contracts tax regime in Part 7 will generally be charged to tax as income.

Warrants which are not treated as derivative contracts and which are not taxed on an income basis should generally be taxed in accordance with the capital gains rules set out above under the heading "Capital gains tax" except that companies do not benefit from an annual exemption. United Kingdom companies may be entitled to an indexation allowance on the disposal of a Warrant.

4. Stamp Duty and Stamp Duty Reserve Tax ("SDRT") in respect of the Warrants

A charge to stamp duty or SDRT may, in certain circumstances, arise on the issue, transfer and/or settlement of Warrants and SDRT may also be payable in relation to any agreement to transfer Warrants. This will depend upon the terms and conditions of the relevant Warrants (as complemented by the applicable Final Terms or, in the case of Exempt Warrants. Securityholders should take their own advice from an appropriately qualified professional adviser in this regard.

5. Reporting of information in respect of the Warrants

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

Irish Taxation

The following discussion is a summary of the Irish withholding tax treatment of the Warrants. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Warrants. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Warrants. Prospective investors in the Warrants should consult their professional advisers on the tax implications of the purchase, holding, exercise or sale of the Warrants and the receipt of payments thereon under any laws applicable to them. Irish Withholding Tax

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Warrants is connected, nor are the Warrants held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Warrants, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Warrants.

Separately, for as long as the Warrants are quoted on a stock exchange, a purchaser of the Warrants should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Warrants.

Irish Encashment Tax

Payments on any Warrants paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Warrants will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Warrants entitled to the interest or distribution is not resident in Ireland for the

purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

Swedish Taxation

The following summary outlines certain Swedish tax consequences relating to holders of Warrants that are considered to be Swedish residents for tax purposes, if not otherwise stated. The summary is based on Swedish legislation currently in effect and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Warrants and is neither intended to be nor should be construed as legal or tax advice. For instance, the summary does not cover tax issues in cases where Warrants are held as current assets in business operations or by a partnership, situations where Warrants are held in an investment savings account (Sw. investeringssparkonto), the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag) or credit of foreign taxes. The tax consequences for investors depend in part on their particular circumstances. Specific tax rules apply to certain categories of investors, e.g., life insurance companies. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Warrants in their particular circumstances.

Holders resident in Sweden

General

The disposal of a Warrant is subject to capital gains taxation. The capital gain or the capital loss should be computed as the difference between the consideration (less selling expenses) and the tax acquisition value of the Warrant.

When computing the capital gain or the capital loss, the acquisition value for all Warrants of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*).

Private individuals

All capital income, such as capital gains on the Warrants, is taxed in the capital income category for private individuals. The tax rate is 30 per cent. A capital loss on the Warrants is fully or partly deductible in the same income category in accordance with certain rules, depending on the classification of the particular Warrant and whether the Warrant is deemed to be listed or not for Swedish income tax purposes.

Should a net loss arise in the capital income category, a reduction is granted on the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of any remaining net loss. An excess net loss cannot be carried forward to future years.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*), all income, including capital gains on Warrants, is taxed as income from business operations at a rate of 22 per cent (for fiscal years commencing after 31 December 2012). Deductible capital losses on Warrants may be fully off-set or off-set only against certain taxable capital gains in the income from business operations category in accordance with certain rules, depending on the classification of the particular Warrant for Swedish income tax purposes.

Holders not resident in Sweden

Holders of Warrants not resident in Sweden for tax purposes – which are not conducting business through a permanent establishment in Sweden to which the Warrants are effectively connected – are normally not liable for taxation in Sweden in respect of the Warrants. Holders of Warrants may, however, be subject to taxation in their state of residence.

Private individuals who are not resident in Sweden for tax purposes are, however, liable for capital gains taxation in Sweden upon disposal of certain financial instruments that are deemed equity-related, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In respect of Warrants, an additional requirement for capital gains taxation in Sweden is that the Warrants were acquired when the private individual was resident in Sweden for tax purposes. The applicability of this rule may be limited by the applicable tax treaty for the avoidance of double taxation.

Finnish Taxation

The following is a general description addressing certain Finnish tax consequences arising from the Warrants. This description is (i) based on the laws, regulations and published case law in full force and effect in Finland and the interpretation thereof as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that the Issuer or Guarantor is not resident in Finland for tax purposes. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, exercise, exercise, sale or other disposition of the Warrants.

1. Withholding Tax

Payments made by or on behalf of the Issuer or Guarantor to holders of Warrants may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

2. Income Tax

2.1 Determination of Residence

Finnish residents and non-residents are subject to different tax treatment in respect of their income. Residents are subject to unlimited tax liability in Finland, i.e. taxed on their worldwide income. Non-residents are subject to limited tax liability in Finland, i.e. taxed solely on their Finnish source income.

An individual is deemed to be resident in Finland if an individual continuously resides in Finland for more than six months or if the permanent home and dwelling of such an individual is in Finland. A citizen of Finland who has moved abroad is regarded as resident for Finnish tax purposes until three years have passed after the end of the year of emigration, even if the individual does not reside in Finland over six months or the permanent home and dwelling are not located in Finland, if such an individual fails to show that he/she has not had any essential ties to Finland in the tax year in question.

Legal entities established under the laws of Finland are regarded as residents in accordance with domestic tax law.

Double tax treaties may restrict Finland's taxation rights pursuant to Finnish domestic tax law.

2.2 Non-Resident Holders of Warrants

Income received by non-residents under the Warrants should not be considered Finnish source income. The payments should not be subject to income tax in Finland, provided such income does not relate to a Finnish permanent establishment of the recipient. Where such income relates to a Finnish permanent establishment, the taxation of the permanent establishment would generally follow the taxation of a resident corporate explained below.

2.3 Resident Holders of Warrants

2.3.1 Corporates

Income received from the Warrants by corporate holders is generally taxed as business income or other income, depending on whether the Warrants are considered assets related to the business. In both cases the income is taxed at the corporate income tax rate of 24.5 per cent (according to a draft government bill, the rate will be lowered to 20 per cent from the beginning of 2014). The principal difference between the two sources of income concerns the deductibility of possible losses. Losses realized in the business income source should be deductible against all business income.

With respect to losses realized in the other income source, it should be noted that the Finnish Supreme Administrative Court ("SAC") has issued a ruling (KHO 2013:117) where warrants that were issued by a non-resident bank were assimilated with "securities" for the purpose of the Income Tax Act, where the securities were freely issued and transferrable between investors, even though the warrants were not subject to trading on a regulated market. The same should be applicable where the Warrants are listed.

Losses sustained under the Warrants, where the Warrants are not considered assets related to the business, should under the above circumstances be deductible against capital gains in the other income source arising in the same year and the following five years.

It should, however, be noted that the Finnish tax administration has not updated its guidelines following the SAC ruling. According to the guidelines, only listed warrants could be considered securities. Such an interpretation would entail that losses incurred under the Warrants in the other income source would not be deductible at all. While the

outdated guidelines are prone to create a degree of uncertainty, the SAC ruling should be adhered to by the tax administration.

Companies are not allowed to use the acquisition cost presumption available for individuals described below.

Tax exemptions may apply with respect to certain categories of corporate holders of Warrants, such as tax exempt investment institutions, pension funds or other entities that are exempt from Finnish corporate income tax.

2.3.2 Resident individuals and estates

Income received from the Warrants by individuals and estates should primarily be taxed as capital gains according to the criteria outlined in the SAC ruling (KHO 2013:117) described above under Corporates. Capital income is taxed at a flat rate of 30 per cent to the extent the annual total capital income of the individual does not exceed EUR 50,000 (DGD: EUR 40,000 from 2014). If the capital income exceeds EUR 50,000 the tax rate is 32 per cent.

In calculating the taxable capital gain, an individual or estate may deduct the acquisition cost of the Warrants from the income received through a disposition or exercise, as well as direct costs incurred. Alternatively, an individual or estate may deduct a so-called presumptive acquisition cost of 20 % of the sales/redemption price. If the Warrants have been held for at least 10 years, a presumptive acquisition cost of 40 % may be deducted.

Losses realized on the sale or exercise of Warrants should be deductible against capital gains according to the criteria outlined in the ruling of the Finnish Supreme Administrative Court (KHO 2013:117) described above under Corporates. The losses are only deductible against capital gains arising in the same year and the following five years.

Income received from the Warrants may in certain circumstances be considered to belong to the business activity of an individual or an estate. Such income is included in the total business income of such individual. The business income will be divided according to the Income Tax Act to be taxed as capital income (taxed at the rate of 30 or 32 per cent) and earned income (taxed at a progressive tax rate).

It should also be noted that payments under the Warrants made to individuals or estates should not be subject withholding of advance income tax to the extent that such payments are construed as capital gains or business income. Should the income under the Warrants exceptionally not be construed as capital gains or business income, a Finnish paying agent or intermediary, or a Finnish permanent establishment of a non-resident acting as the paying agent or intermediary, may be liable to withhold advance income tax from payments made to individuals or estates at the rate of 30 %.

3. Transfer Tax

Under Finnish tax laws warrants are not generally considered as securities for the purposes of the Finnish Transfer Tax Act. Therefore no Finnish transfer tax should be payable on the transfer of Warrants.

Where warrants are physically settled, and where the underlying security is considered a security for the purposes of the Finnish Transfer Tax Act, such as a share issued by a Finnish company, transfer tax may be due on the transfer of the underlying securities, unless covered by the exception concerning publicly listed securities. Securities listed on a regulated market, as defined in the Transfer Tax Act (and the Council Directive 2004/39/EC of 21 April 2004 on markets in financial instruments), are generally not subject to Finnish transfer tax where the transfer is executed against a fixed cash consideration and with or through a qualified securities broker (as defined in the Transfer Tax Act), or where the purchaser is accepted as a trading party in the relevant marketplace.

4. Inheritance and Gift Tax

A transfer of the Warrants through inheritance, will or donation will generally result in Finnish inheritance or gift tax being applicable on the transfer where either the donor or donee is considered a resident in Finland for purposes of the Inheritance and Gift Tax Act. The application may be limited by existing tax treaties.

The Proposed Financial Transaction Tax

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Warrants (including secondary market transactions) in certain circumstances. The issuance and subscription of Warrants should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Warrants where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a)

by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Warrants are advised to seek their own professional advice in relation to the FTT.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures. In the case of Switzerland, if an interest payment on a Note is made by a Swiss paying agent to an individual resident or residual in an EU Member State the paying agent must withheld the tax at a rate of 35 per cent., with the option of the individual to have the paying agent and/or Switzerland provide to the tax authorities of the EU Member State the details of the interest payments in lieu of the withholding. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payments and certain other conditions are met.

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

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1st July, 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1st January, 2017. This withholding would potentially apply to payments in respect of (i) any Warrants characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the grandfathering date, which is the later of (a) 1st July, 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Warrants characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Warrants are issued before the grandfathering date, and additional Warrants of the same series are issued on or after that date, the additional Warrants may not be treated as grandfathered, which may have negative consequences for the existing Warrants, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary", "withholding foreign partnership" or "withholding foreign trust" regimes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Spain have signed an IGA. The United States Treasury has announced that it is in the process of finalising an IGA with the Netherlands.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Warrants are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Warrants is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Warrants are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Warrants by the Issuer, any paying agent and the Common Depository, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Warrants. The documentation expressly contemplates the possibility that the Warrants may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Warrants will only be printed in remote circumstances.

If an amount in respect of FATCA Withholding were to be deducted or withheld from payments made in respect of the Warrants, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Warrants, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less than expected. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Warrants.

SUBSCRIPTION AND SALE

United States of America

The Warrants have not been and will not be registered under the Securities Act and may not be offered, sold, transferred, pledged, delivered or exercised, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person. Accordingly, the Warrants are only for offer and sale outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Arranger has represented and agreed, and each Dealer will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Warrants which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Warrants to the public in that Relevant Member State:

- (a) if the final terms in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and each of the Issuer and the Guarantor has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression "**an offer of Warrants to the public**" in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

As indicated in paragraph (a) above, financial intermediaries seeking to rely on the Base Prospectus and any Final Terms to resell or place Warrants as permitted by article 3.2 of the 2010 PD Amending Directive must obtain prior written consent from the Issuer and the Guarantor. Nothing herein is to be understood as a waiver of such requirement for prior written consent.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

The Arranger has represented and agreed, and each Dealer (if any) will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue of any Warrants in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not if it was not an authorised person, apply to the Issuer or the Guarantor; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

Spain

The Arranger has acknowledged, and each other Dealer appointed under the Programme will be required to acknowledge, that the Warrants must not be offered, distributed or sold to Spanish Residents who are not qualified investors as defined under article 39 of Royal Decree 1310/2005, of 4 November (as amended by Royal Decree 1698/2012) (*Real Decreto 1310/2005, de 4 de noviembre* as amended by Real Decreto 1698/2012). No publicity of any kind shall be made in Spain.

As used herein, "**Spanish Resident**" means a tax resident of Spain for the purposes of the Spanish tax legislation and any tax treaty signed by Spain for the avoidance of double taxation, including (i) any corporation, or other entity taxable as a corporation, incorporated under Spanish law, whose registered office is located in Spain or whose effective management is performed in Spain, and (ii) any individual who is physically present in Spanish territory for more than 183 days in the calendar year or whose main centre or base of activities or economic interests is in Spain.

In addition, to the extent that Condition 6(c) is specified as being applicable in the Final Terms, if, according to certain criteria issued by the Spanish tax authorities, a particular warrant cannot be considered as an option for Spanish tax purposes but as a financial asset, as it is explained in Section "*Taxation. (B) Alternative Spanish Tax Treatment*", this warrant must not be offered, distributed or sold in Spain or to Spanish Residents. Furthermore, the sale, transfer, or acquisition of such warrants to or by individuals (*personas físicas*) who are tax resident in Spain (each a "**Spanish Individual**") is forbidden in all cases and will be considered null and void by the Issuer and the Guarantor. Accordingly, neither the Issuer nor the Guarantor will recognise any Spanish Individual as an owner of such warrant.

The Netherlands

The Arranger has represented and agreed, and each Dealer (if any) will be required to represent and agree, that with effect from and including 1 January 2012 it will not make an offer of securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, the "**FMSA**"); or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

provided that no such offer of securities shall require the Issuer, the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of securities to the public**" in relation to any securities in The Netherlands; and (ii) "**Prospectus Directive**", have the meanings given to them above in the paragraph headed with "*Public Offer Selling Restriction Under the Prospectus Directive*".

Sweden

The Arranger has represented and agreed, and each Dealer (if any) will be required to represent and agree, that the Warrants have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (Sw. Lag (1991:980) om handel med finansiella instrument), as amended from time to time.

Switzerland

The Warrants do not constitute a collective investment scheme within the meaning of the Swiss Collective Investment Scheme Act ("**CISA**"). Therefore, they are not subject to authorisation by the Swiss Financial Market Supervisory Authority FINMA and potential investors do not benefit from the specific investor protection provided under the CISA.

Chile

Neither the Issuer nor the Guarantor nor the Warrants are registered in the Securities Registry maintained by the Chilean Securities and Insurance Superintendency (*Superintendencia de Valores y Seguros de Chile*, or the “SVS”) pursuant to the Chilean Securities Market Law 18,045, as amended and restated, and the supplemental rules enacted thereunder (“Law 18,045”). Accordingly, the securities may not be offered in Chile except in circumstances that do not constitute a public offer of the Warrants in Chile.

Colombia

The Warrants have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). Therefore, the securities may not be publicly offered in Colombia or traded on the Colombian Stock Exchange.

The Base Prospectus is for the sole and exclusive use of the addressee as an offeree in Colombia, and the Base Prospectus shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the Warrants acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the Warrants being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

Peru

The Warrants have not been, and will not be, registered with the Superintendency of Securities Market (*Superintendencia del Mercado de Valores*, or “SMV”). If through any private offering an institutional investor acquires Warrants that are not registered with SMV, such Warrants may not be sold or transferred by such institutional investor unless such transfer or sale is made to another institutional investor as defined by the Peruvian Securities Market Law (*Ley del Mercado de Valores*) or such Warrants have been registered under SMV’s Public Registry.

Notice to Private Pension Funds and Insurance Companies in Peru. Private Pension Funds (*Administradoras Privadas de Fondos de Pensiones*) and Insurance Companies (*Compañías de Seguros*) in Peru should seek their own legal advice as to the eligibility of the Warrants and legal, financial and technical advice as to their capacity to acquire the Warrants in compliance with the limits set forth by applicable Peruvian law. In particular, to acquire the Warrants, Peruvian Private Pension Funds should seek to register the Warrants with the Peruvian Bank and Insurance Superintendency (*Superintendencia de Banca, Seguros y AFP*) and, if applicable, to register the particular placement procedure through which such Warrants are acquired.

General

The Arranger has represented, warranted and agreed, and each Dealer (if any) will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Warrants or possesses, distributes or publishes this Base Prospectus, any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus, any Final Terms comes are required by the Issuer, the Guarantor and the Arranger, and will be required by any Dealer, to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Warrants or possess, distribute or publish this Base Prospectus, any Final Terms, or any related offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer and the Guarantor. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

1. AUTHORISATION

The establishment and/or update of the Programme and the issue of Warrants have been duly authorised by a resolution of the Board of Directors of the Issuer dated 21 December 2011 and [TBD] 2014. The giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 27 September 2011.

2. LISTING OF WARRANTS

Application has been made to the Irish Stock Exchange for some Warrant issued under the Programme during the period of twelve months after the date of this Base Prospectus to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange.

3. DOCUMENTS AVAILABLE

For so long as any Warrants remain outstanding and listed on the Irish Stock Exchange, copies of the following documents will, when published, be available in physical format for inspection at the registered office of the Issuer or the Guarantor and from the specified office of the Principal Warrant Agent for the time being in London:

- (a) the deed of incorporation including the articles of association of the Issuer and the bylaws (with an English translation thereof) of the Issuer and the Guarantor;
- (b) the audited financial statements of the Issuer for the financial years ended 31st December, 2012 and 31st December, 2011 with an English translation thereof;
- (c) the consolidated financial statements of the Guarantor in respect of the financial year ended 31st December, 2013 (which includes for comparison purposes financial data for the years ended 31st December, 2012 and 2011), with an English translation thereof, together with the audit report prepared in connection therewith;
- (d) the most recently published audited annual financial statements of the Issuer (if any) and the Guarantor and the most recently published unaudited interim financial statements (if any) of the Issuer and the Guarantor (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith. The Issuer does not prepare unaudited interim accounts. The Guarantor currently prepares unaudited consolidated interim reports on a quarterly basis;
- (e) the Programme Agreement, the Agency Agreement, the Guarantee and the Deed of Covenant,
- (f) a copy of this Base Prospectus;
- (g) any future base prospectus, prospectuses, information memoranda and supplements, including Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (h) in the case of each issue of Warrants admitted to trading on the Irish Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

4. CLEARING SYSTEMS

The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Warrants will be set out in the Final Terms.

5. CONDITIONS FOR DETERMINING PRICE

The price and amount of Warrants to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

6. SIGNIFICANT OR MATERIAL CHANGE

There has been no material adverse change in the prospects of the Issuer since 31 December 2012 or the Group since 31 December 2013.

There has been no significant change in the financial or trading position of the Group since 31 December 2013 and there has been no significant change in the financial or trading position of the Issuer since 30 June 2013.

7. LITIGATION

Except as disclosed in the section entitled "*Description of Banco Bilbao Vizcaya Argentaria, S.A - Recent Developments*", there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

8. AUDITORS

The auditors of the Issuer are Deloitte Accountants B.V. Orlyplein 10, 1043 DP Amsterdam, the Netherlands, who have audited the Issuer's accounts, for the financial years ended 31st December, 2012 and 31st December, 2011. The auditors of the Issuer are Chartered Accountants and a member of the Netherlands Institute for Chartered Accountants (*Nederlands Instituut voor Registeraccountants*).

The auditors of the Guarantor are Deloitte, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), who have audited the Guarantor's accounts, for the financial year ended 31st December, 2013 (which includes for comparison purposes financial data for the years ended 31st December, 2012 and 2011), prepared in accordance with EU-IFRS.

9. POST-ISSUANCE INFORMATION

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Warrants.

10. DEALER TRANSACTING WITH THE ISSUER AND THE GUARANTOR

The Issuer, the Dealer and the Guarantor are part of the same group. Accordingly, these entities engage, and will engage, in investment banking and/or commercial banking transactions with, and perform other services for the Group in the ordinary course of business.

ISSUER

BBVA Global Markets B.V.

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28050 Madrid
Spain

GUARANTOR

Banco Bilbao Vizcaya Argentaria, S.A.

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48005 Bilbao
Spain

ARRANGER

Banco Bilbao Vizcaya Argentaria, S.A.

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28050 Madrid
Spain

PRINCIPAL WARRANT AGENT

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United Kingdom

**LUXEMBOURG WARRANT AGENT,
REGISTRAR AND TRANSFER AGENT**

Deutsche Bank Luxembourg S.A.

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L-1115 Grand Duchy of Luxembourg

CALCULATION AGENT

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48005 Bilbao
Spain

SWEDISH WARRANT AGENT

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FINNISH WARRANT AGENT

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